Corporate language and terminology planning

In the global Enterprise (E)

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E?
Defining E, Drivers for E, Types of E

Global E...
- > 50% Revenues from foreign markets
- > 5,000 Employees
- > € 1 Billion

What drives E global?

Economies of Scale
- the "economies of simplicity and standardization" to essentially price-out and replace local competition
- Competitive Advantage by leveraging markets strategically

Convergence of tastes
- Emergence of a global market for uniform consumer products

Grow, grow grow ... from new markets

Types of E...

MultiDomestic Formation
- Each market is viewed as its own self-contained market and a company sets up parallel organizations in each market
- Local language = Business Language

Global Formation
- There is a coordinated effort across the company to pursue a strategy, leverage efficiencies and learning across regions and use the global position as a competitive advantage
- English = Major Business Language for critical processes

MultiDomestic Strategy
- Revenue Growth
  - 0-75% 75%-90% 90-97% 97-98%
- Market Entry 1-5 markets
- Domesticating 5-10 markets
- Expansion 11-15 markets
- True Global 15-30+ markets

Non-English customer communication
**MultiDomestic Strategy**

- **Market Entry**: 1-5 markets
- **Domesticating**: 5-10 markets
- **Expansion**: 11-15 markets
- **True Global**: 15-30+ markets

But revenue plateaus if E does not transition into a Global Formation.

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**Global Strategy / Global Efficiency**

- **Market Entry**: 1-5 markets
- **Domesticating**: 5-10 markets
- **Expansion**: 11-15 markets
- **True Global**: 15-30+ markets

Successful shift to global formation often key in creating competitive advantage.

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**Why is this relevant for Terminology?**

Companies following a multi-domestic strategy are less ready to embrace a global terminology strategy in the sense of coordinated corporate language compared to global formations.

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**How do you recognize globally successful E?**

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**International Revenue Distribution**

- Risk balancing through distributed global revenues
- Comparison of peers

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**Brand value spread across markets**

- Standard Deviation of brand value across multiple markets
- “One-Voice Metrics”: # of active promoters across markets

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**Process over time**
Synchrony of Product Life Cycle Stages

• Operational complexity is largely reduced if product life cycles correspond to each other in multiple target markets.

Product Release Champions

Enabled for dynamic publishing

“Fastened by a steel 3-1/2” threaded bolt”

“Fastened by an aluminum 3-1/2” threaded bolt”

Requires multiple renditions…

…affects many models…

Ripples through all target languages…
Pharma: Example Product Information

Starting with 2 formulations ends up with 900+ documents

<table>
<thead>
<tr>
<th>Product</th>
<th>Formulations</th>
<th>Strengths</th>
<th>Presentations</th>
<th>Document Languages</th>
<th>Media Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>DA</td>
<td>DE</td>
<td>EL</td>
<td>EN</td>
<td>ES</td>
<td>FR</td>
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<tr>
<td>IS</td>
<td>IT</td>
<td>NO</td>
<td>Fi</td>
<td>PT</td>
<td>NL</td>
</tr>
<tr>
<td>SV</td>
<td>EU Expansion</td>
<td></td>
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</table>

E and Multilingualism

Multilingual Processes in the E

Multilingualism in the E

E: Communication fragmentation

Product Evolution

Early Product Life Cycle

The creation of a new product requires all team members to define a common language.

The later common language is defined the bigger the potential for confusion.
Adapting language to target audiences

Common language needs to be defined in terms of internal AND external communication.

Terminological distinction for Target Audiences

Translation Stage

Unresolved confusing language that enters translation stage multiplies the confusion by the number of target languages.

Post Market Introduction

Unresolved terminology causes continued problems often traceable by:
- Support case incidents
- Legal litigation
- Product recalls
- Customer complaints
- Delivery/order mistakes
- Losing market share, diluting brand value

Multilingual Drive per Region

Example Pharma:

- English to Non-English Ratio [source language to target language] in %

Global E Initiatives & Terminology

Global Initiative is the ...

- Transformation of a deficient current state process into an improved future state process utilizing
  - Internal resources
  - Most likely external resources
  - Sometimes technology supporting the future state process
Dilemma Terminology Issues

• Cross-Departmental
• Cross-Functional
• Cross-Geographies

...Hardest (most costly, politically difficult) type of global initiative for the E...

So, there must be very good reasons to engage...

Are there financial incentives to engage?

Financial Benefits?

• What does “value” mean if we talk about the “value” of an initiative?

“Value” is defined as bottom line results that drive favorable impacts to E financial statements

Direct and indirect Value

• If a value is the single most driving factor in defining the favorable impact on the bottom line, it is called “direct value” ("direct benefit")
• If a value merely contributes together with other values for the favorable impact on the bottom line, it is called “indirect value” ("ripple effect")

Some Terminology

\[ \text{ROI} = \text{revenues}^{\uparrow} - \text{costs}^{\downarrow} \text{investment}^{\downarrow} \]

• Revenue enhancement case
• Revenue protection case
• Cost reduction case
• Cost avoidance case

ROI von Terminology Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Type</th>
<th>Terminology impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Litigation Avoidance</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>Fulfilling legal obligations</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>Quality of patents</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>Identification of knowledge carriers</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>More efficient communication</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>Avoidance of after sales issues</td>
<td>Soft</td>
<td>Terminology impact</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
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</tbody>
</table>
When does the E engage?

**Things went wrong**

- Things may go wrong
- Things go well

**Things that went wrong...**

**Release Slippage ...**

- Missed Xmas business for smartphone series X...
- Localization slipped by 2 month...
  - Slip of product release by 1 month due to late localization means loss of 17% of revenue potential from local market

**Uncollected Receivables**

- Revenue not fully recognized until local documentation delivery.
  - Example German engineering company: Average outstanding receivables around 6 Million Euros

**Loosing market position**

- Turning market position in non-home market triggers global initiative

**Litigation Avoidance**

- Product recalls
- Damage Compensations
After Sales Cost

- Increased incident cases are tracked to deficient documentation

Things that may go wrong

Regulatory Compliance

- Delay or refusal of Product Marketing Authorization through unsuccessfull compliance to regulatory obligations
  - Ex. FDA/EMEA regulations

Things go well

Merger & Acquisition

- Brand Consolidation
- Defending Brand Dilution
- Re-Branding

Brands in the age of globalisation

- "House of brands" vs "Branded house" (eg, Nestlé or Yum! vs Virgin or Dell)
- Vital differentiator amid intensified competition (eg, Samsung)
- Key for convergence (eg Apple, Google)
- The challenge of consistence across rapidly multiplying media (internet, mobile, podcasts, video streaming, texting, blogs, wikis)
- Speed of brand destruction (eg, Arthur Andersen, Enron)
Global Brand Premium
Key performance indicator of (sustainable) future revenue growth
Corporation’s most valuable assets
High valuation for value brands

Principles of global branding
Relationships
Economic Assets
Differentiated Customer Experience

Brands are about relationships

1. A brand is a relationship that creates and secures future earnings by growing customer preference and loyalty

Everything you do defines your brand

Involving written communications

Brand as a relationship
Customer Loyalty

- Correlation between a company’s growth rate and the percentage of its customers who are “promoters”
- The net promoter figure is calculated by subtracting the percentage of customers who say they are unlikely to make a recommendation from the percentage who say they are extremely likely to do so.
Principles of Global Branding

2. Brands are economic assets

3. Branded is about a differentiated customer experience

WWW - You will be seen - Everywhere

- Since proliferation of the World Wide Web, businesses can no longer speak to regional markets with conflicting messages.
- This shift requires a method for the building and maintenance of reinforcing brands across all points of customer communication taking local nuances of target audiences into account.
  - Often referred to as “One-Voice” consistent and coordinated customer communication across all points of interaction has led to remarkable improvements in business performance and brand value.

Recognized brands command premium pricing

Differentiated Customer Experience

“90% of [our] customers buy based on content, not on touching the product”

Mario Queiroz, VP Content and Product Data Management, Hewlett-Packard

What does this all have to do with Terminology Policies?

Ogilvy & Mather
360 Degree Brand
Key performance indicator - Terminology

- Implicit or explicitly lived practice to negotiate words with having the customer in mind
  - Measurement?
    - Consistency of terms across content types?
    - Consistent terms across all markets?

Terminology in the E...

- Source language terminology management is a “best practice” to shake out confusing language from the start
- Target language terminology management is a “best practice” to prevent multiplication of confusion into target markets
- Target language terminology management is a means to preserve brand dilution in target markets across global enterprise content

Foremost a business process
- with increasingly capable technology to reinforce business practice

Branding Case - AGCO

- AGCO results from multiple acquisitions:
  - Massey-Ferguson, Challenger, Fendt, Valtra, AGCO
- Corporate European management located in UK
- No initial synergies between various brands
- Different cultures, management structures, working processes, requirements and expectations
- Initial reluctance to unify and join a corporate-driven initiative

Overview of key challenges

1. Volume of technical documentation
   - Very high number of active publications
     - One group - 200+ active publications in 15 languages
     - Another group - 17,200+ source pages for more than 76,000 translated pages
   - Information was not structured and managed for re-use across publications and between AGCO sites
     - Average 50% re-use between books – all re-use is manual
   - No efficient re-use mechanism and technology

2. Geographically dispersed locations
   - Inconsistent terminology
     - Same concepts translated differently on Web, brochures, technical documents, spare parts catalogues, etc.
   - Inconsistently structured technical publications – across publications and across AGCO sites
     - All AGCO books have different structures – even the “in-house style” is hardly followed
   - No uniform processes and methods for authoring, translation and publishing
   - No central workflow

Take Away …

- Terminology is a business practice that ultimately has to be worked backwards with the “net promoter” in mind
  - It needs to step out of the engineering / TechDoc corner being tied lighter to the end activities of the product life cycle activities (marketing, education, support, …)
- Speaking with “one voice”, terminology contributes significantly to consistency, clarity and safety for happy customers increasing the total number of active promoters
- Which in turn correlates with an organizations growth
Take Away…

- The value of terminology is largely underestimated and underrated…
- Any further investigation into this topic are highly welcome…

Reality Check

- E.g. None of the top Pharma currently has a global initiative with mature terminology component…

A bold statement

- If terminology management is “lived”, we would estimate a 1% uplift in international revenue due to the ability to systematically enable brand consistency.

- What does this mean?

Value of language technology

<table>
<thead>
<tr>
<th>Technology Type</th>
<th>Direct Value</th>
<th>Indirect Value</th>
<th>ROI Story</th>
<th>ROI Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation Memory</td>
<td>X</td>
<td>Simple</td>
<td>Less words, less cost</td>
<td></td>
</tr>
<tr>
<td>Author Assistance</td>
<td>X</td>
<td>Simple, but more difficult</td>
<td>Better words input, less cost translation</td>
<td></td>
</tr>
<tr>
<td>Machine Translation</td>
<td>X</td>
<td>Simple on first sight</td>
<td>Not so good translated words, but cheaper and more efficient</td>
<td></td>
</tr>
<tr>
<td>Workflow (GMS, Translation Production)</td>
<td>X</td>
<td>Complicated</td>
<td>Process Efficiencies, before bad / after good</td>
<td></td>
</tr>
<tr>
<td>Terminology</td>
<td>X</td>
<td>?</td>
<td>Litigation Avoidance, support incidence reduction, Knowledge Preservation, …</td>
<td></td>
</tr>
</tbody>
</table>

The Average Global 1000 Company has …

- Sample Value Creation Scenario will be based on this Profile

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Annual Revenue</td>
<td>$11 billion</td>
</tr>
<tr>
<td>International Revenue</td>
<td>$6 billion</td>
</tr>
<tr>
<td>55% of total</td>
<td></td>
</tr>
<tr>
<td>Products</td>
<td>100</td>
</tr>
<tr>
<td>Global Markets</td>
<td>20</td>
</tr>
<tr>
<td>Localized Documents / year</td>
<td>1,100</td>
</tr>
<tr>
<td>Target Languages</td>
<td>20</td>
</tr>
<tr>
<td>Translated Words / year</td>
<td>60 million</td>
</tr>
</tbody>
</table>

Source: B2B Business Week Global 1000 Scoreboard, TRADOS
Global Information ROI
For our Average Global 1000 Company

Summary Results
Increased Operating Profit
- $8.4 M in year one
- $66 M in year five
- $210 M cumulative over 5 years

Graph showing the increase in operating profit over 5 years for an average Global 1000 company, with contributions from Brand Consistency, Translation Reuse, Customer Satisfaction, Process Efficiencies, and Reduced Time-to-Market.