

ATC UK

Language Industry Survey and Report

ATC Nimdzi

A special thanks goes out to **interpreter intelligence**
who sponsored the 2019 ATC UK Language Industry Survey and Report.



**interpreter
intelligence**

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ATC UK Language Industry Survey

Welcome to the ATC UK Language Industry Survey 2019!

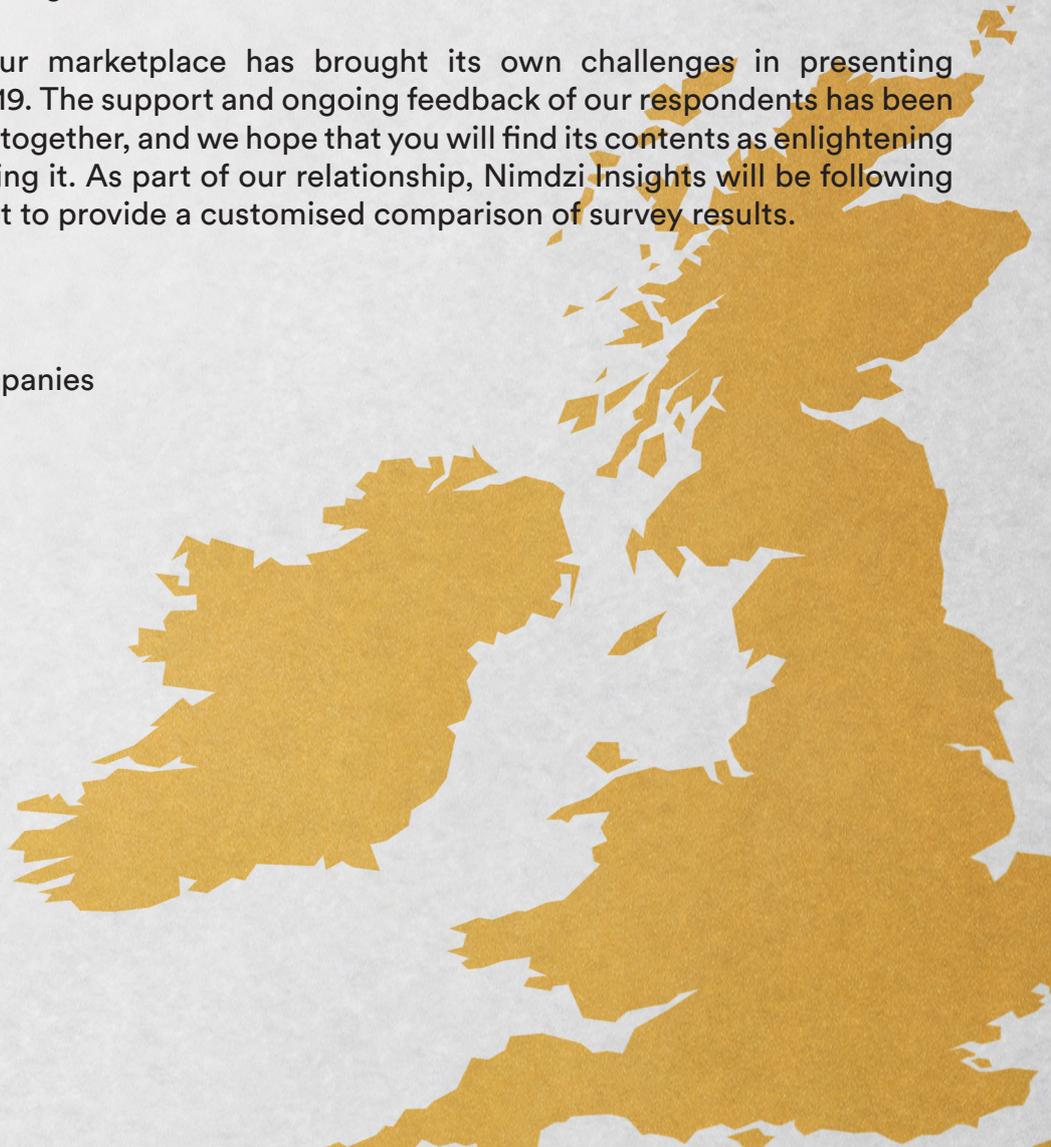
The data collected for the survey forms a snapshot of the UK's language services industry, providing us with a glimpse into the UK market as it stands today in a rapidly changing and evolving global industry and an uncertain political arena.

We are partnering with Nimdzi Insights for their expert data analytics as well as knowledgeable insights into the specialist languages services market here in the UK, and the UK within a global context.

This year's aim is to shed light on how language service companies can stay relevant in an increasingly competitive market, and how global industry trends can provide opportunities for language service companies regardless of their size.

The breadth and depth of our marketplace has brought its own challenges in presenting a comprehensive picture for 2019. The support and ongoing feedback of our respondents has been invaluable in putting this report together, and we hope that you will find its contents as enlightening as we did researching and writing it. As part of our relationship, Nimdzi Insights will be following up with each survey respondent to provide a customised comparison of survey results.

Raisa McNab
Chief Executive Officer
Association of Translation Companies



About Nimdzi Insights

Who We Are

Nimdzi Insights helps clients successfully navigate international expansion through market research, consulting, education, M&As, and geocultural intelligence. Nimdzi's expertise in the translation and localization industry and range of customized services attracts language service providers and buyers looking for the insight and data they need to confidently make business decisions.

A large yellow circle is positioned in the lower right quadrant of the page. The word "Nimdzi" is written in a bold, black, sans-serif font across the bottom of the page. The dot above the letter 'i' is replaced by a smaller yellow circle, matching the larger one in the background.

Nimdzi



Introduction

The global language services market grew to GBP 35 billion in 2018. At the top end, companies in the Nimdzi Global Top 100 grew at a rate of 17%. In the UK, the top 25 language service companies grew at an astonishing 40% year over year. On the whole, the average ATC UK Language Industry Survey respondent company grew at a rate of 13%.

This remarkable growth led the UK language services market well past expectations to GBP 1.35 billion, making it the second largest market in the world.

The UK market is led by several large language service companies, multiple mid-market players and a plethora of smaller and specialist companies. Overall, we estimate the active number of UK language service companies to be 1600.

This report includes publicly available data from the largest players in the UK market, and results from the ATC UK Language Industry Survey, combining a higher-level market overview with detailed survey results.

Large language service companies are analysed as part of our ranking, company spotlights, and within the overall global trends of the industry. The main part of this report focuses on the competitive environment of the typical ATC member, a smaller or specialist language service company, and survey data collection efforts and analysis are reflective of the market reality as experienced by these survey respondents.

Specific themes in this report include challenges around increased competitive pressure, consolidation and the increasing importance of automation, artificial intelligence (AI) and machine translation (MT), all of which are opportunities for the language service company ready to embrace them.

While we continue to be optimistic for 2019, we do believe growth will be more conservative at 9%. This conservative view stems from political and market instability as represented by Brexit, increased nationalism, and ongoing global competition in trade.



Global Trends and the UK



2018 was a tremendous year for the global localisation industry. Nimdzi's annual report, The Nimdzi 100, reported an annual growth rate of 17% within the Top 100 language service companies. This brings the global market for translation and localisation to GBP 35 billion. This increase largely comes from increased use of technology driving localisation deeper into organisations, digitisation of content to reach global consumers at key moments of truth across a multitude of consumer pathways, and interpreting resulting from increased government contracts and growing demand.

The top 10 companies on the Nimdzi 100 now generate more revenue than the next 90.

The cumulative average growth rate (CAGR) for the translation and interpreting industry was approximately 7%. This is a linear projection based on statistical data obtained for more than 120,000 companies. In 2019, Nimdzi reached out to the national statistics offices of 80 countries, requesting data for companies under the "Translation and interpreting" activity codes and optimised its algorithms to incorporate the official data that was obtained.

Mergers and Acquisitions Drive Growth

Thanks to a buy-and-build model, there are now European language services giants over GBP 100 million in revenue based in the UK, France, and the Nordics. However, we do not observe a similar phenomenon of consolidated growth in Germany, which is widely regarded as the strongest European economy.

The French Acolad Group took the crown as the fastest-growing company in the language services industry in 2018 leaping from GBP 35.6 million to GBP 94.8 million through the acquisition of Telelingua (Belgium), AAC Global (Finland), AranchoDoc (Italy), TextMaster and HL Trad.

The M&A activity in the United Kingdom was headlined by SDL with the acquisition of RR Donnelley and by RWS with the purchase of Moravia.

Artificial Intelligence and Machine Translation

The advent and application of AI and Neural Machine Translation (NMT) have continued to open new markets and create greater opportunities for localisation with new and existing clients. AI and NMT have provided a much-needed public relations campaign for language service. What does this mean for the specialist or mid-market language service company? It means a growing market for post-edited machine translation and increasingly innovative applications of MT as the technology moves from the hands of vendors into the real world. In addition, it means the language service company is migrating into the role of consultant to help their clients deploy the best processes to meet their needs.

Multimedia Localisation

In addition to AI and MT, the localisation industry has begun to see a migration of assets online that has moved beyond PDFs, text, and images.

■ Digitisation

Today, organisations digitise their content to make it readily available to their consumer base regardless of language or location. This has led to an increase in localisation for e-learning videos and presentations, marketing and sales content, help and consumer information, mobile and browser applications, as well as the need for multilingual omni-channel customer support.

■ Streaming Content

In addition to the digitisation of content, the explosion of online streaming production is leading to unprecedented challenges of scaling and opens the space to new providers. 6 out of 10 of UK consumers utilise BBC iPlayer, Netflix, or Amazon Prime. That number climbs to 7 in 10 if you lower the top age range to 35.

■ Video Games

Video game localisation will continue to grow at unprecedented rates. Language service companies and linguists would do well to begin to understand the complexity of the video game market. Its current value is estimated at GBP 111 billion and growing. Major video game releases are anticipated on a global scale and generate billions of dollars more than major blockbuster movies. Video game localisation is not easy, but it is a segment that doesn't show any signs of waning.

Interpreting

Interpreting continues to grow in importance on a global scale as increasing immigration trends lead to increased diversity. The Public Sector in the UK drives the market through large, geographically challenging contracts.

Technology has been slow to overtake the interpreting market, but with the introduction of over 50 different applications it is clear that investors see an opportunity in this segment. Multi-modality networks are increasingly popular as organisations struggle with how to best utilise their staff in conjunction with suppliers across in-person, over the phone, and video interpreting requests. We anticipate that larger organisations such as legal systems, hospitals, police, and immigration courts will begin deploying these networks extensively within the next 3-5 years.

Company Spotlight: SDL

The UK's Market Leader

**Adolfo
Hernandez,**
CEO



2018 Revenue

Closing 2018 with GBP 323 million, **SDL** continues to lead the UK market, but market dominance has been challenged by RWS' recent acquisition of Moravia.

SDL generates GBP 37 million within the UK market primarily derived from financial services. The majority of revenues come from the US and Asian markets.

SDL has a strong and diversified client base across six primary industries including 90 of the world's top 100 brands.

29% High-tech

23% Automotive / Manufacturing

14% Life sciences

13% Retail / Travel

09% Financial services

04% Government / Defence

08% Other

Focus on Content Globalisation

SDL position themselves as moving beyond translation and localisation and into content globalisation. By owning the entire lifecycle of content generation and distribution through specialised technology, **SDL** excludes competitors, enters into long-term agreements, and diversifies revenue.

Language services generated GBP 218.2 million and are focused on the creation and management of content. Language technologies focused on translation and localisation and generate GBP 49.8 million. Content technologies focused on delivery and distribution generate GBP 55.3 million.

2019 and Beyond

SDL believe they are uniquely positioned to take advantage of three key trends: the expansion of global selling, content explosion and fragmentation, and digital transformation.

First half results of 2019 would suggest that assessment is accurate. The company reported results for the first half of 2019 with premium services revenue up 280%.



2019

UK
Market

UK Market 2019

The UK market is the second largest localisation and interpreting market in the world. The UK market is defined by several large language service companies, a handful of mid-sized players and over a thousand smaller or specialist companies competing to meet client needs. We estimate the UK market at 1600 active language service companies based upon available public data. The majority of these companies, 9 out of 10, turn over less than GBP 250,000 a year.

The UK's four largest players comprise 65% of the total market and have benefited from unique differentiators.

- **SDL** utilises large scale, widely adapted technology platforms to capture clients
- **RWS'** recent acquisition of Moravia has expanded revenue and market opportunities
- **Hogarth** focuses on complementary industries to drive revenue
- **thebigword** has focused on large public sector interpreting contracts to compound growth

Revenue

The UK market did well in 2018. Respondents to our ATC UK survey reported an average increase of 13% in revenue compared to 2017. These survey respondents represent mid-market and specialist providers. When we include large language service companies' revenues, we estimate the UK market at GBP 1.35 billion.

While SDL, RWS, and Hogarth were the only UK based localisation companies to break the GBP 100 million mark, they did so handily. Voice and Script International leads the UK's mid-market players showcasing the ever-increasing importance of multimedia production.

Survey Introduction

While we are providing a ranking of top UK language service companies it is important to note that the following survey data and collection efforts were focused on the specialist to mid-size market as this is most reflective of the ATC's UK membership. We focused our survey and industry report on data relevant for the language service company in an ever increasingly competitive environment.

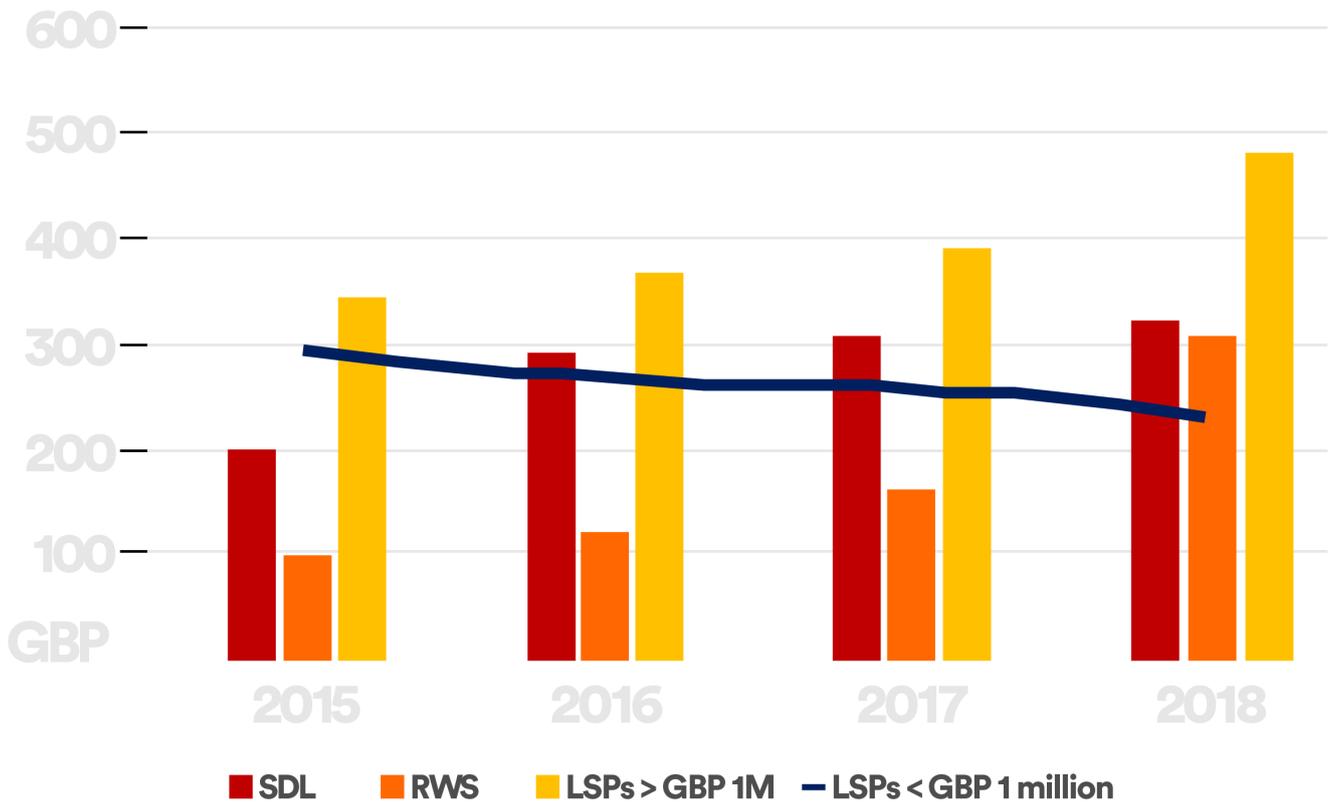
Top 25 companies ranked by 2018 revenue

Rank	Company name	Revenue 2018 in million GBP
01	SDL	323.0
02	RWS	306.0
03	Hogarth Worldwide	169.0
04	thebigword	90.9
05	Voice and Script International	72.7
06	Zoo Digital Group	26.6
07	Alpha CRC	21.6
08	Capita Translation and Interpreting	19.4
09	Language Connect	13.1
10	translate plus	12.2
11	Lingo24	10.6
12	TranslateMedia	8.3
13	Sandberg Translation Partners	7.6
14	Global Lexicon	5.4
15	Transcom	3.9
16	Wolfestone	3.2
17	Intonation	3.0
18	ALM Translations	2.6
19	Comtec Translations	2.6
20	Arkonte	2.6
21	Wessex Translations	2.6
22	AA Global	2.2
23	Surrey Translation Bureau	1.6
24	RP Translate	1.5
25	Language Factory	1.3

Growth

A snapshot from 2015 through 2018 gives us highlights of two key trends.

- In a growing market LSPs < GBP 1 million are generating less revenue.
- The market's largest players are growing at a rate faster than the industry's mid-market players.



The outlook for 2019 remains strong, if not conservative compared to 2018's growth. Respondents to the ATC UK survey anticipate a growth rate of 9% for 2019 which would bring the total UK Market Revenue at GBP 1.47 billion. Note that while the projected growth rate is significantly reduced from 2018, it is four times the growth rate of 2015.

In our 2017 report, the ATC predicted a slowdown for 2018. Instead, the UK market had one of its best years in decades. 2018 growth was primarily driven by mergers and acquisitions, the rapid deployment of MT, and the rapid growth of the interpreting market as a significant revenue stream. However, the same warning indicators we discussed in 2017 still weigh heavy on the minds of ATC members midway through 2019.

Variables such as the looming Brexit, fluctuating trade markets and political uncertainty, and their potential impact on financial services and public sector markets were repeatedly noted by survey respondents as potential areas of concern.

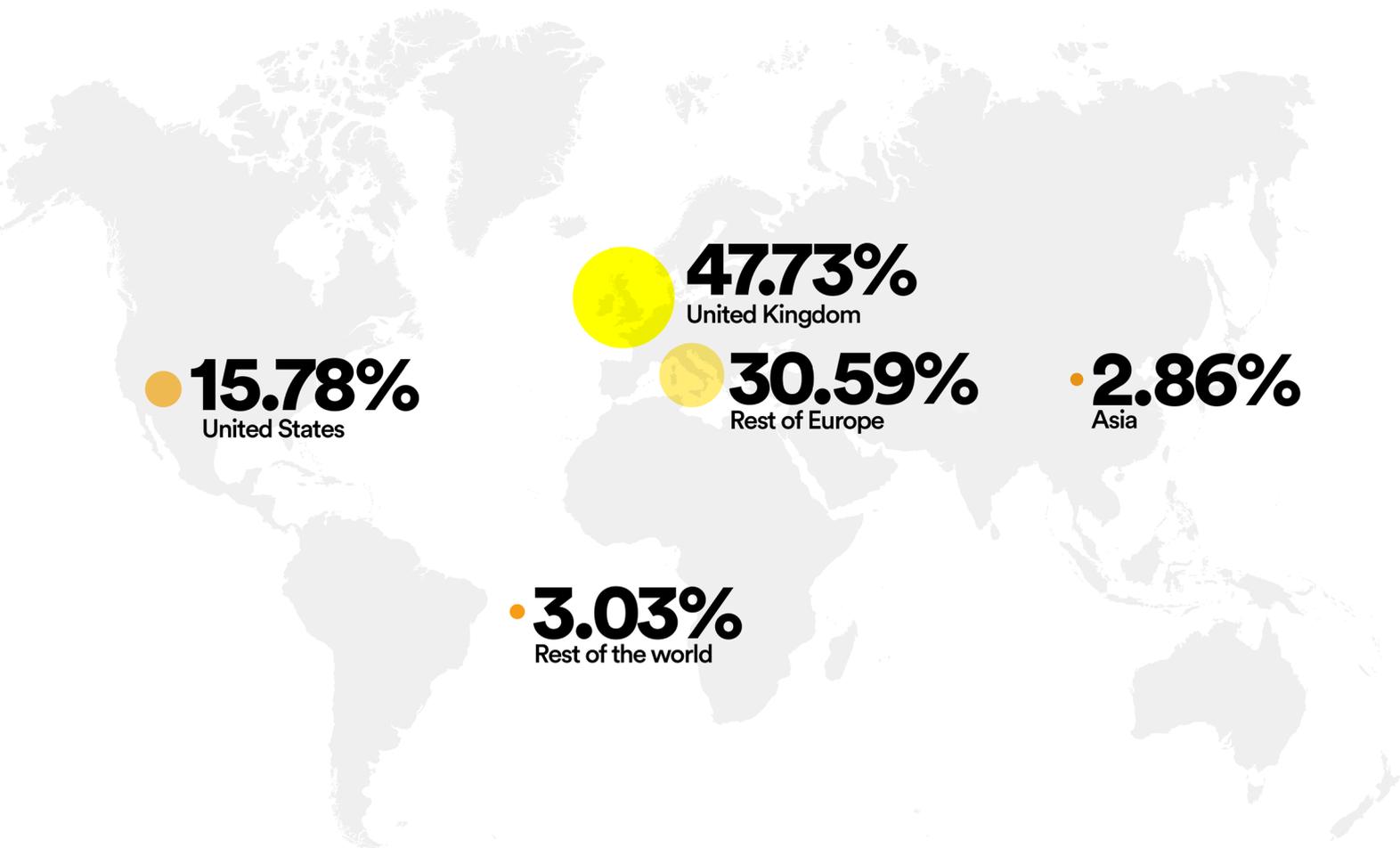
Profitability

The average respondent to the ATC UK survey is a smaller specialist to mid-market language service company focused primarily on translation and generating an annual revenue of GBP 1.78 million in 2018.

The average operating profit for a language service company in the survey in 2018 was 21%.

Revenue by Geography

Localisation, by its very nature, is a global business. The globalised language service company offers several distinct advantages outside of production efficiency. The globalised language service company also has the opportunity to offset domestic revenues with foreign revenues helping to diversify portfolios and create stability regardless of market fluctuations. Respondents to the ATC UK survey showcased several interesting trends. Close to 1 in 4 (24%) of UK companies derive 100% of their revenue from the UK and the European Union. This identifies several key markets to explore.





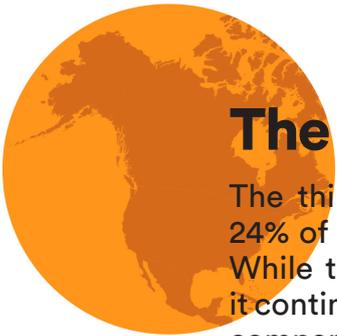
UK

Respondents to the ATC UK survey receive a significant amount of their revenues outside of the UK. In fact, only one company stated that over 90% (99%) of their revenues came from the UK alone. 4 in 10 respondents who stated that over 50% of their revenue comes from outside of the UK, averaged 82% of their revenues coming from other markets.



European Union

The second largest market served by ATC UK survey respondents is the European Union. 62% of respondents get over 75% of their business from the European Union and the UK. 24% of respondents state that 100% of their revenue comes from the EU and the UK. Those companies with significant revenue generated within the European Union feel that there are risks related to the uncertainty associated with Brexit.



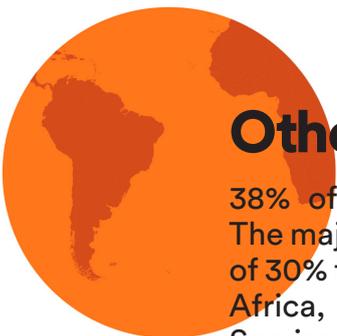
The United States

The third largest market for ATC UK survey respondents is the United States. 24% of respondents stated that at least 25% of their revenue comes from the US. While the US plays a key role in revenue diversity and geographic distribution, it continues to represent an interesting market opportunity for UK language service companies outside of traditional markets such as the UK and EU.



Asia

Asia is a source of revenue for 38% of respondents. The average revenue derived from Asian markets only represents an average of 7.5% of their total overall revenue. Only 10% of respondents generate over 10% of their revenue within Asia at an average of 17.5%. While the number of respondents working in the UK suggests the overall importance of the Asian market, the overall percentage of revenue suggests that the market is underdeveloped.



Other

38% of respondents generate revenue outside of the UK, EU, US and Asia. The majority, 86%, generate less than 10%. The remaining 14% generate an average of 30% from markets other than the UK, EU, US and Asia. Markets in Latin America, Africa, and India continue to represent a fertile opportunity for UK Language Service Companies.

Revenue by Industry

Respondents to the ATC UK Survey stated that they worked within, on average, 6 industries. 26% of respondents worked within 10 or industries.

Financial Services continues to lead the way within the UK, representing 23% of all revenue generated by respondents. Manufacturing and engineering were the second most popular at 22%. It is interesting to note that 12.41% of revenue is generated from working with other language service companies.

ATC UK Revenue by Industry

Industry Segment	Percentage of Revenue
Financial, patent, market research and legal firms	23.3%
Manufacturing, engineering, automotive, energy and construction	21.8%
Other language service companies	12.4%
Pharmaceutical and medical devices	8.5%
Ecommerce, travel and eLearning	8.1%
Public sector	7.6%
Luxury brands and advertising	4.4%
Software companies	2.9%
Healthcare institutions	1.5%
Entertainment: Film, TV and games	1.2%
Other	8.2%

The trend lines show that companies generating more revenue tend to work within more industries.

Average Revenue per Industry

Based upon industry revenues for survey respondents in 2018, average revenue per industry segment for all industries was GBP 123,821.

Average Revenue by Industry

Average revenues for survey respondents for specific industries are greatly affected by size of company and strategic direction, and should be considered directional only.

Industry Segment	Avg. Revenue in GBP
Financial, patent, market research and legal firms	514,700
Ecommerce, travel and eLearning	495,600
Manufacturing, engineering, automotive, energy and construction	298,400
Pharmaceutical and medical devices	291,500
Other language service companies	239,400
Luxury brands and advertising	210,300
Public sector	140,800
Software companies	98,900
Entertainment: Film, TV and games	86,500
Healthcare institutions	57,600
Other	183,000

Staffing Structure

Respondents to the ATC UK survey have, on average, 20 full time employees (FTE) averaging 9 FTEs in project management and 2 FTEs in sales.

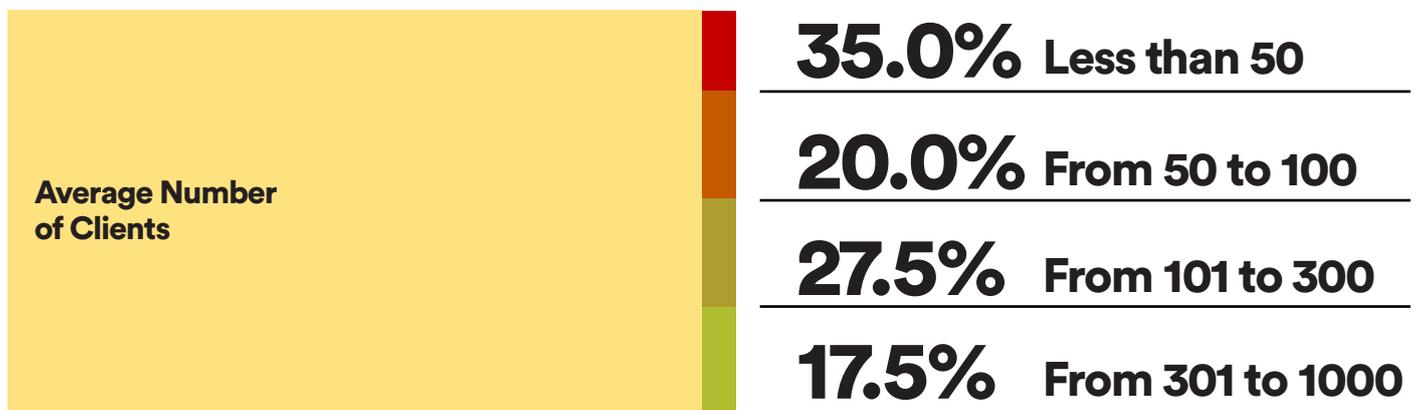
Average Revenue by Position in GBP



Client Diversity

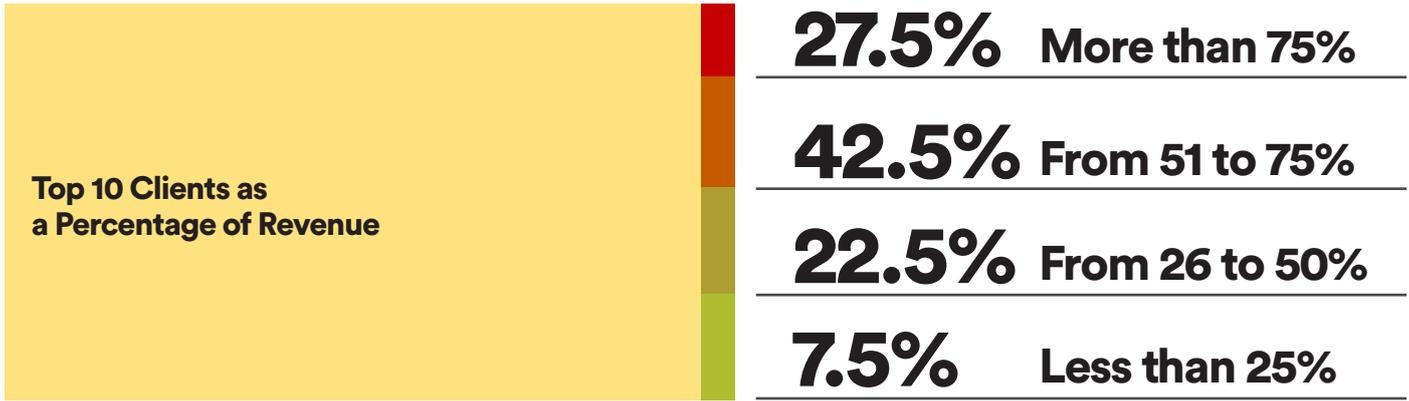
Revenue diversity is a key sign of financial health and stability for a company. Diversity can be measured by services, industries, or most commonly by number of clients. The greater client diversity the less risk an organisation can be negatively impacted by industry and market fluctuations as well as competitive loss.

While an above average number of respondents to the ATC UK survey had less than 50 clients, overall the ATC UK survey respondents showcase a good level of client diversity.



Revenue Concentration

On a global scale, the directionality of the 80/20 rule holds true. The idea that 80% of revenue comes from 20% of clients is a result of operational need to support larger clients. It is inherent that an organisation's resources, operations and sales would naturally be focused more on larger clients. This has a compounding effect where small to medium-size clients may be underdeveloped or ignored. When assessing risk, it is important to ensure that revenue is not concentrated within a handful of accounts.

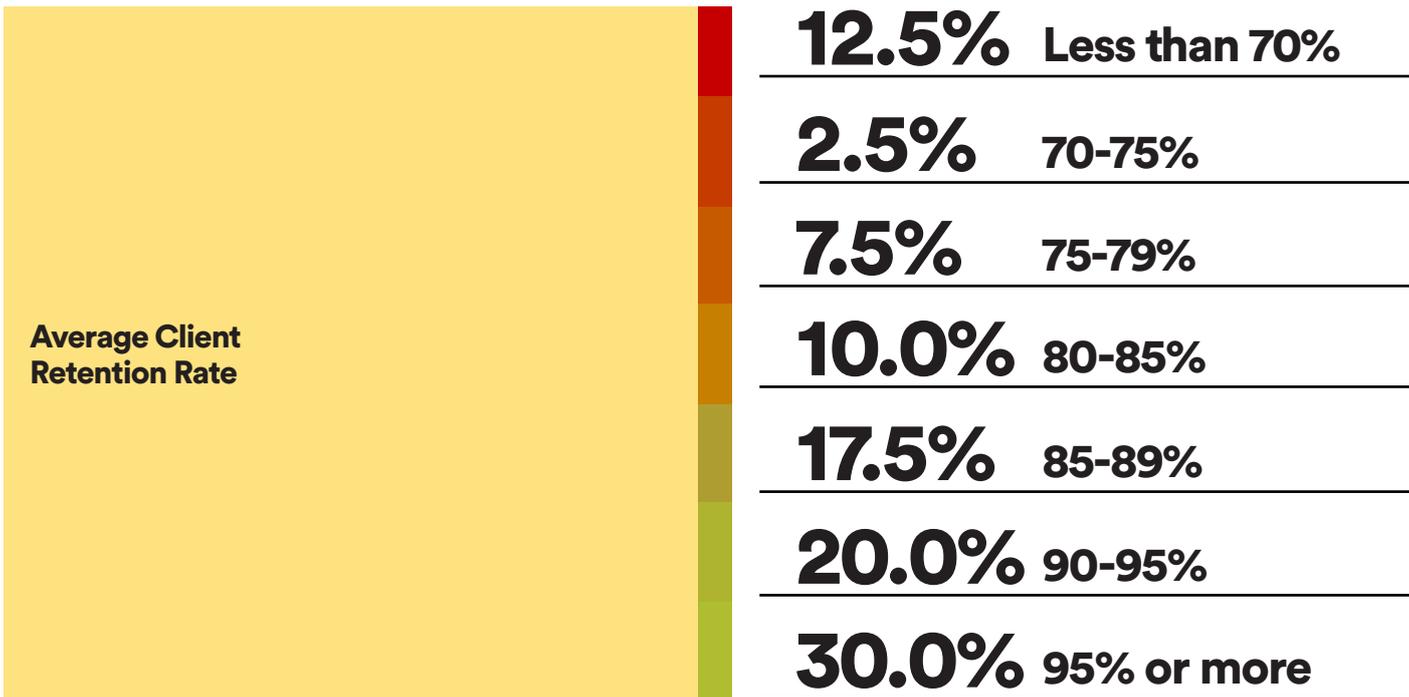


In this instance, organisations where the top ten clients represent more than 75% of revenue are at a *greater* risk than those whose top ten clients represent less than 25%.

Client Retention

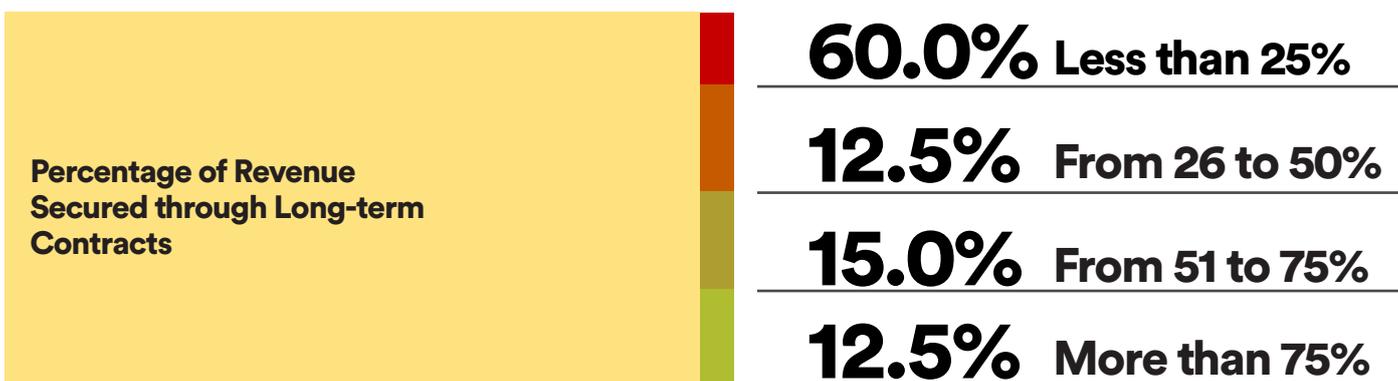
The quickest path to revenue is client retention and growth. Client retention is a key metric that gives insight into the business and an excellent gauge for senior management and owners. Client Retention is the result of multiple factors including, but not limited to, customer experience, price, competitiveness, and quality. Organisations with client retention rates above 95% are considered best in class. While low client retention rates are not a direct condemnation of a business model, they do reflect a significant cost to the business resulting in more investment in sales and marketing spend to recapture the account than it would have taken to retain. A low client retention rate can be the result of projects ending, a high turnover industry segment, or any number of things that do not necessarily indict the business model.

If a low client retention rate is the result of a consistently poor customer experience or quality issues, it will be important to investigate project and account management. If the low retention rate is a result of perceived value, it will be important to evaluate sales and marketing communications.



Client Risks

A way to mitigate concerns of client risk regarding revenue diversity and client retention is by guaranteeing business relationships through a specified period of time. The use of contracts within the language services industry varies depending upon the size of the language service company. In general, small to mid-sized businesses rely less on formal contractual relationships to secure revenue than larger organisations do. This is reflected in the feedback of the ATC UK survey. 60% of respondents had less than 25% of their revenue secured through multi-year contractual relationships. The less secured revenue, the greater the risk.

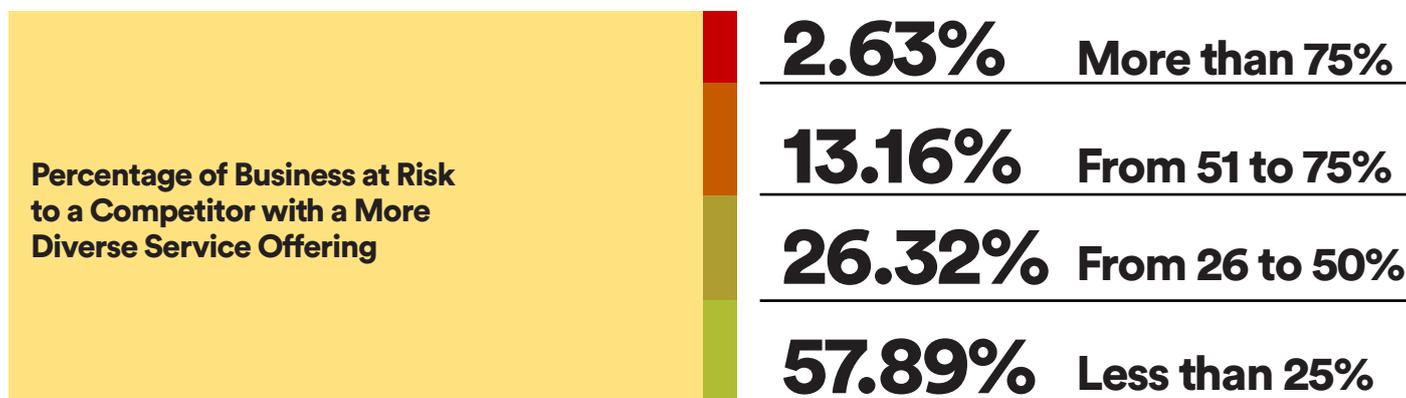


Technology is also a factor in addressing client risks. Many language service companies utilise technology as a competitive advantage to seal a relationship with a client. In fact, 46% of survey respondents state that they utilise technology to maintain client relationships.

Competitive Pressure

We asked ATC survey respondents what percentage of their business could be better served by a larger competitor with a more diverse service offering. It is important to note that what this question aims at is discovering what percentage of a business is perceived to be at risk to competitors.

The results of the survey indicate that 15% of respondents felt that more than 50% of their revenue is at risk from a competitor with a more diverse offering. This could mean that there is an opportunity for language service companies to invest in client relationships to better understand the specific needs that are not currently being met by competitors or the market. Diversifying to meet these needs should create more long-term security within client relationships.





UK Translation/ Localisation

Most respondents to the ATC UK survey primarily focus on the business of translation and localisation. In fact, 46% of respondents stated that 90% or more of their business comes from translation and localisation with an average of 96%. 78% of respondents stated that over 70% or more of their business was driven by translation and localisation with an average of 80%. Only 8% of respondents stated that their business relied on less than 50% of their revenues from translation and localisation with an average of 21%.

This high-level analysis implies that ATC UK survey respondents are highly focused on translation and localisation with very little diversity into other services. However, analysing the data a little more deeply reveals a slightly different story. While 55% of respondents stated that their primary focus was on translation, only 2% listed interpreting as their primary focus. The remaining 43% offer a variety of complementary services. Language service companies offer complementary services for a variety of reasons, although the primary focus is on generating additional revenue or strengthening the company's position against a competitor or within a market. Additional services, in order of respondent popularity, are interpreting, content production, dubbing and subtitling, and transcription.

Language service companies whose only focus is translation limit opportunities for organisations to buy complementary services. For example, some language service companies diversify into staffing for client-side project management, language training and interpreting to facilitate meetings and conference calls, while providing translation and localisation services to large enterprise clients.

Diversification of services helps insulate companies from competitive pressure and expands additional revenue opportunities.

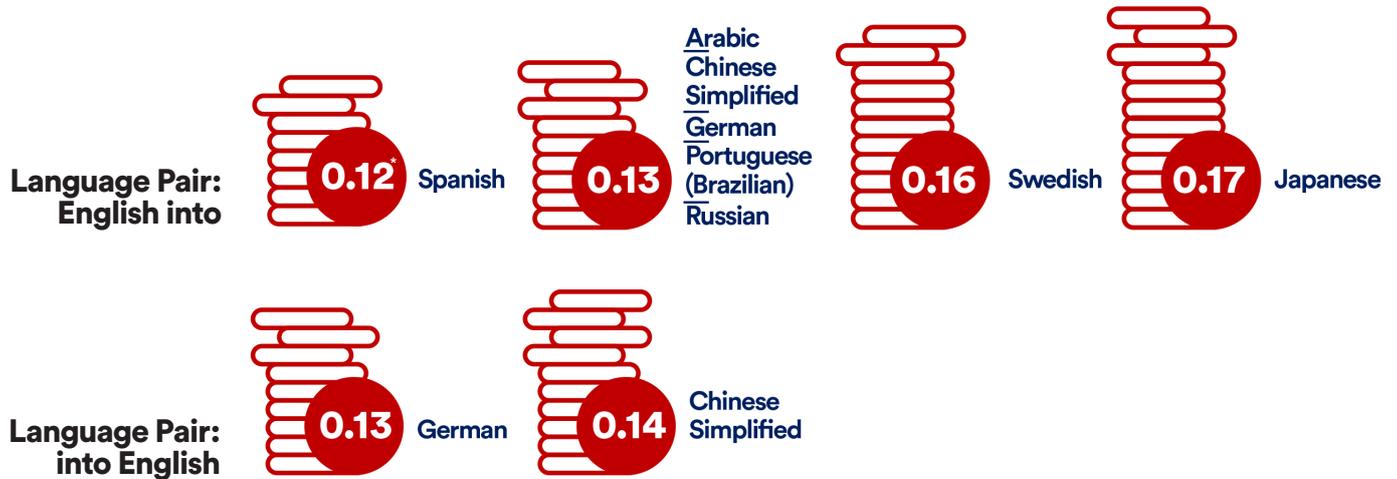
Translation Pricing in the UK

For the purposes of this report, pricing is considered inclusive of translation and revision. Pricing should be seen as a factor of cost and 'perceived value' (represented by margin or profit). It is important to understand that perceived value is the price a client is willing to pay beyond your cost. In some instances, organisations will experience a negative perceived value forcing them to sell at a price below cost. In these scenarios, the decision may have been made to take a loss on a product or service in order to establish a business relationship or, more negatively, the operational cost exceeds the perceived value to the client.

In understanding why some organisations are willing to pay more for services derived from one provider over another it is important to look at how the client perceives value. Ask what is important to the client? Is quality more important than turnaround time? Is subject matter expertise relevant? How important is responsiveness to communications? What about availability?

Pricing by Language

Average per word pricing is based upon a sample of languages from and into English, representing the variety of languages provided by UK language service companies.



* Avg. rate per word (GBP)

Pricing by Type of Client

Respondents to the ATC UK survey stated that client scenarios and industries also affect price resulting in price fluctuation by market. ATC UK survey respondents revealed their average fluctuations by market in a sample language (German) in the chart below.

<i>Language direction: English into German</i>	Rate per word (GBP)	Variance to standard rate
Standard general business: A medium-sized private business in the UK with emails to translate	0.12	92.31%
Legal: An attorney with litigation documents	0.14	107.21%
Public sector: UK government agency in a competitive bidding process	0.12	95.27%
Software: An IT giant from California	0.13	97.53%
Life sciences: A pharmaceutical company with clinical outcome assessments	0.14	107.99%
Transcreation: An advertising agency with catchy copy that relies on language to evoke emotions	0.16	125.64%
Subcontracting: Another translation company that needs to make a good margin	0.11	84.62%
Audio visual: A company that specializes in audio visual	0.13	100.90%

Scenarios requiring specialized knowledge, such as life sciences, legal, and transcreation, continue to be delivered at rates above the UK average.

Pricing for Multimedia

Ancillary services provide language service companies the opportunity to generate substantial revenue streams outside of their traditional service of translation. With the continued digitisation of content and the launch of multiple streaming platforms, multimedia services such as transcription, subtitling, and dubbing will continue to become increasingly important. Notice that rates for these services are quoted per minute of the original content and not per word, as regular translation.

Pricing (GBP) per Minute	Transcription	Subtitling	Dubbing
French and German	4.79	6.50	8.00
Eastern European languages	5.17	6.58	8.00
Asian languages	5.67	7.42	10.00

Changes to the Pricing Landscape

In general, we asked respondents what has affected their price, if anything, since our last survey. Several key trends emerged.

- 01** Pricing for long tail/lesser diffusion languages has increased.
- 02** Pricing for specialised services or content has increased.
- 03** Pricing for certain languages, such as Scandinavian, German, and Japanese, have increased.
- 04** Pressure from competitors is negatively affecting price.
- 05** The use of MT and the request for post-editing of Machine Translation are exerting negative pressures on price.
- 06** Brexit is calling for contract amendments to reflect GBP versus EUR pricing.

Machine Translation

Machine Translation (MT) continues to be an interesting challenge in the UK localisation market. Companies have to overcome objections to quality while managing expectations of both clients and translators.

Respondents to the ATC UK survey state that, on average, 26% of their projects utilise MT, 15% of respondents stated that MT is used in 80% or more of their projects. Another third of respondents, 33%, utilise MT between 20-50% of all projects. The remaining 52% use MT on less than 10% of their projects. This is an interesting spread in utilisation and shows a consistent trend towards greater utilisation of MT.

MT Post-Editing

With the increasing utilisation of MT, MT with post-editing has become an increasingly popular ancillary service or revenue stream that many language service companies are beginning to take advantage of. While 60% of respondents stated that they do not offer MT with post-editing to their clients, 40% do. Of those who offer this as a service, 59% price it as a standalone service, while 41% price it as a discount off their translation rate. Of those who offer a discount to translation rates, the average discount offered is 32%, but it is important to note that the range offered is between 15% and 70%.

When dealing with MT post-editing, quality is always a concern. We asked survey respondents if they paid their vendors a premium for increased productivity with MT post-editing or if they paid based per project. 16% of respondents stated that they did pay a premium for increased productivity.

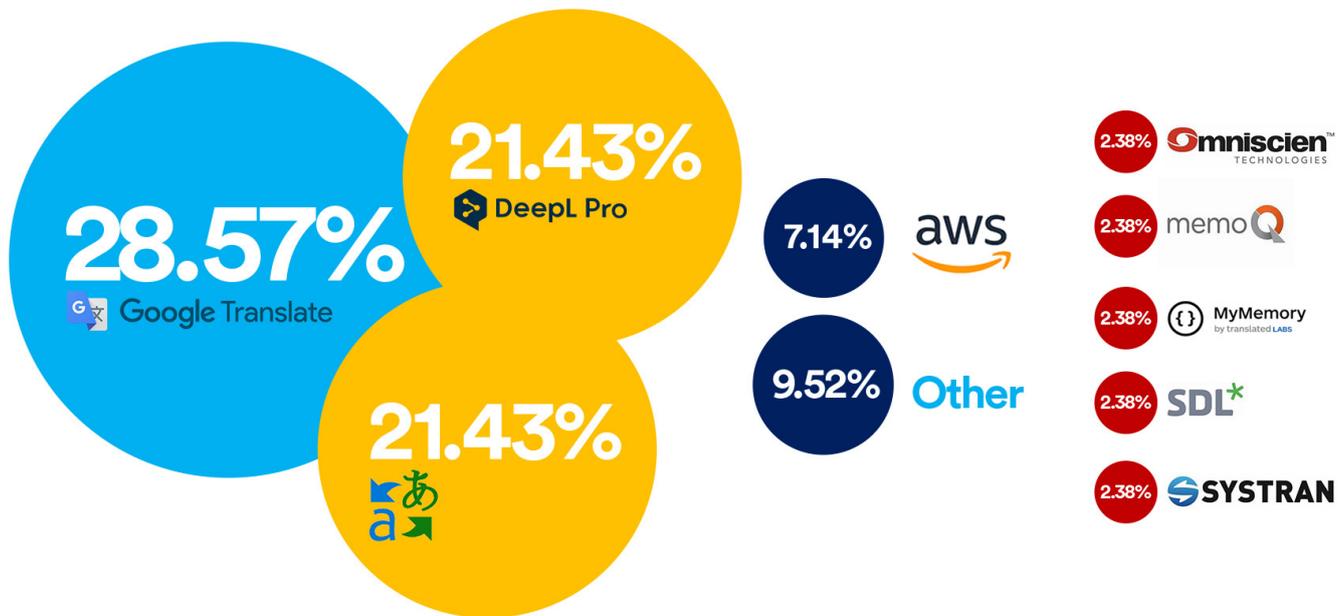


Do you have a training programme for MT post-editing?

In implementing MT, we asked the survey respondents if they needed to train their vendors on how to use MT and if so, how. 32% stated that they did not need to train their vendors, while 23% of respondents stated that they had not trained their vendors but needed to, and 46% of respondents said they had trained their vendors with 13% using an outside vendor to do so.

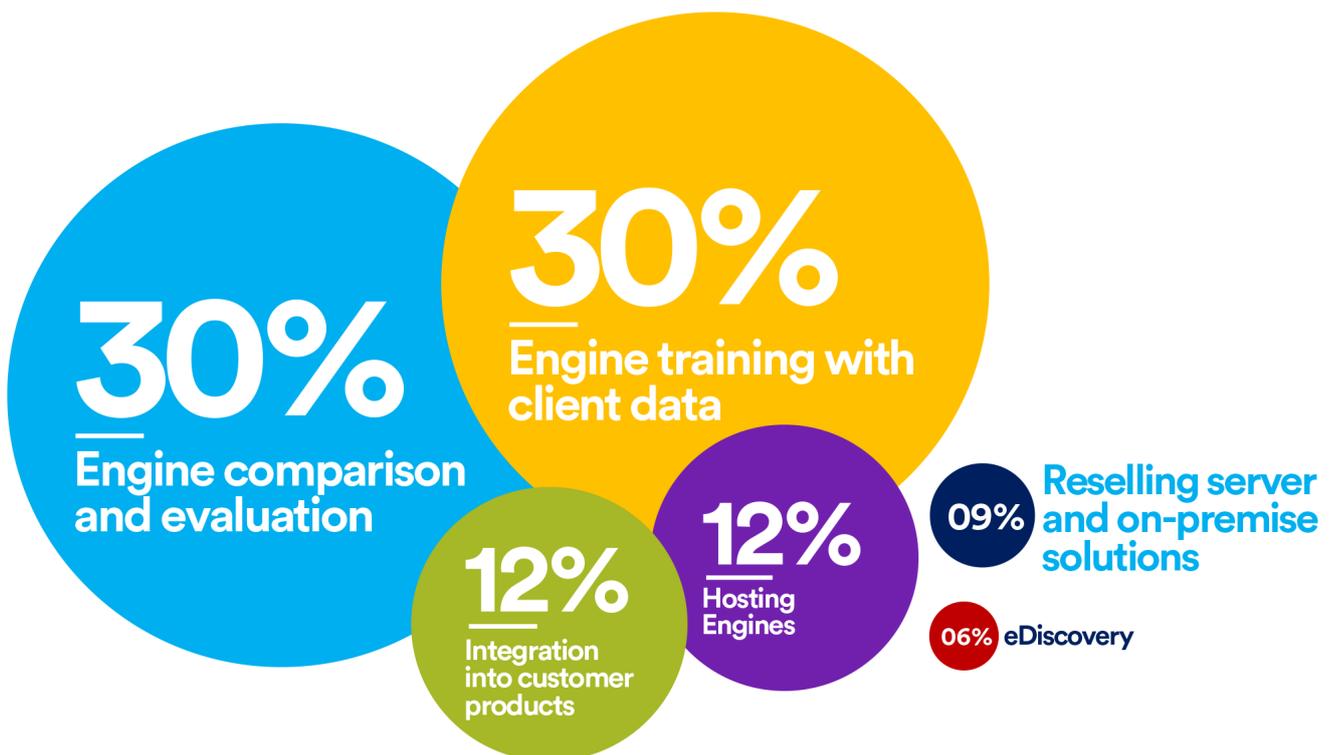
MT Providers

Survey respondents utilise a variety of different MT engines in the implementation of MT. 23% of respondents stated that they utilised more than one MT engine. Out of those 23%, the largest number of engines utilised was 5 with an average of 2.8. It is worth noting that that within environments that only utilised one MT engine, Google was the most frequently mentioned at 26%. It is also noteworthy that at 27%, Amazon was the fourth most popular within a multi-engine environment, but never used as a standalone engine.



Other MT Services

In addition to MT post-editing, many survey respondents also found additional revenue opportunities in providing ancillary services to their MT clients. These services include:



The Potential Impact of MT

When asked for innovative solutions utilising MT, the most consistent response was an increased win rate in procuring business. The most striking example was from a mid-sized language service company who relayed how a 1.5-million-word test project turned into an 18 language 27-million-word engagement.

In summary, while the use of MT is not widespread, those organisations that have embraced MT have seen increased win ratios and greater production efficiency resulting in increased margins.

Company Spotlight: TranslateMedia



Kasia Kosmaczewska,
Machine Translation
Program Manager



Matt Train,
Head of Strategy
and Operations

Background

TranslateMedia began their MT journey over four years ago. Technology has always been integral to TranslateMedia's mission, from the start of the company in 2005, and all of the company's technology resources are in-house. This has allowed TranslateMedia to develop proprietary tools, including an online CAT tool, which are easily customisable to meet client and translator needs. Their current focus is on designing the translator user interface to provide a more user-friendly experience, and further increase productivity.

Challenges of MT

TranslateMedia notes two hurdles in implementing MT.

- 01** The first is managing the expectations of both the clients and the translator. It is important to stress the learning aspect of MT and set expectations that the MT will have errors, the goal is to reduce those slowly over time.
- 02** The second is linguist resources. TranslateMedia notes that some translators have been professionally trained on how to use tools, including MT, as part of their formal education, but that there is a deficit between the needs of the language service companies and the number of pre-qualified post-editors out there. More post-editor training courses and certifications are appearing to fill this gap, often run by language service companies, and TranslateMedia invests considerable time in re-training their translators to ensure consistent quality.

The Impact of MT

Over the last 4 years, MT use has grown to include 80% of all TranslateMedia projects. In fact, in recent months 10% of TranslateMedia's revenue comes from post-editing MT.

When discussing the impact MT has had on TranslateMedia's business, both Kasia and Matt mention that it has affected all aspects of their business and that there is not a single position that has not had to adapt. Most importantly, over the last four years, MT productivity has increased from 65% to 85%, improving both operational efficiency and profitability.



UK Interpreting

The interpreting market in the UK is primarily driven by the public sector's large consolidated contracts that are operationally complex with challenging margins. This has created a very large risk and reward scenario for UK language service companies. Some language service companies have been driven into bankruptcy while others have experienced phenomenal multi-year growth. Regardless, the current trend of large-scale consolidated contracts has resulted in smaller or specialist language service companies finding it harder to compete in the market.

It is also worth noting that the use of remote interpreting is not yet widespread in the UK. Over time, it is only natural that the public sector will rely with greater frequency on the provision of remote interpreting to provide services to both linguistically isolated areas and to support languages of lesser diffusion.

The leading interpreting language service companies within the UK are mid to large with large contracts.

Ranking of UK Interpreting Companies

Company name	Overall revenue (GBP million)	Interpreting revenue (GBP million)	Core business
thebigword	90.99	47.44	public sector
Capita Translation and Interpreting	19.44	7.00	public sector, healthcare, legal
CCS Interpreting	4.05	3.48	public sector
Cintra Language Services Group	5.67-6.48	4.05	public sector, healthcare, business

Company Spotlight: thebigword

Luis Sangiovanni,
Global Marketing
Director



Providing Interpreter Services at Scale

thebigword has continued to grow, in large part through strategic acquisitions (Xerox) and public sector contracts in the UK (Ministry of Justice and the National Health Service).

thebigword's primary focus for interpreting services are the UK and US market. The revenue generated from the Ministry of Justice contract is directly tied to UK immigration and crime enforcement policies. Increased prosecution and higher immigration rates result in more revenue. This is by far **thebigword's** largest interpreting contract.

Although **thebigword continues to expand in other areas of Europe including the Netherlands, Spain, and Greece, 100% of **thebigword's** investment, targeting and strategy is focused on the US market.**

thebigword will focus on expanding their remote interpreting business, both over the phone and video in the US, leveraging their existing resources and framework, while the development of in-person interpreting services will take slightly longer as local interpreters are recruited. **thebigword's** primary focus will be legal and health care interpreting within the US.

thebigword currently has no plans for markets in Germany, Italy, and France.

thebigword will continue to invest in technology given the success they have seen with applications such as WordSynk, which was designed for police, home office, and migration officers in the airport to seamlessly connect with an interpreter.



thebigword Milestones

Ministry of Justice

- MoJ contract will come to term in 2020
- The MoJ has already renewed Lot 2, translation and transcription
- Lot 1, interpreting, will be up for renewal in 2020 – The MoJ have an option to renew with **thebigword** through a three-year extension without going to tender
- Competes against Cintra, DA Languages, Capita Translation and Interpreting - no one new in the market

Crown Commercial Services

- Another large public sector contract in the UK will come to term at the end of 2019
- Same players
- CCS does not award contract to sole provider but framework with usually around seven providers.

Language Empire

- **thebigword** successfully brought a trademark lawsuit against Language Empire in defence of their intellectual property.



Interpreting Pricing in the UK

What Drives Price?

The primary drivers for pricing interpreting in the UK and elsewhere are a function of both mode and modality. An interpreting mode refers to the way an interpreting is performed, whether it be simultaneously, consecutively, or through sight translation. A modality refers to the method by which the service is delivered. These include in-person, over the phone, or video remote interpreting.

The secondary drivers of pricing include any industry specialisation needed, geographic location and language rarity. Industry specialisation is required within many linguistic services, but it is especially important in interpreting where the services are provided in real time and cultural clarification and familiarity with traditional working standards may be needed. Long tail languages, or languages of lesser diffusion, are more expensive than more frequently encountered languages. Also, geographically isolated locations or locations without linguistic diversity are also subject to high prices with the inclusion of travel.

Unique to the UK market is the impact that public sector contracts have on pricing. Many respondents to the ATC UK survey noted that public sector contracts to large providers are having an adverse effect on rates.

Price Drivers in the UK

01
Primary

Mode

Modality

02
Secondary

Industry
specialisation

Language
frequency

Geographic
location

03
Tertiary

Public
Sector
pricing

Average Pricing for Interpreting Services in the UK

The below prices for interpreting services reflect the ATC UK survey respondents' averaged commercial and public sector prices. These averages are not an indication of pure public sector pricing in the UK.

Language Group	Simultaneous/Conference per day (GBP)	Consecutive/Community per hour (GBP)	Remote per minute (GBP)
European	525.00	175.00	2.23
Asian	600.71	149.38	2.95
African	559.16	156.42	2.85

The Increasing Importance of Interpreting Technology

Interpreting technology has grown out of two distinct areas that are only recently beginning to merge. The first was on how to automate the scheduling process and the second focused on how best to deliver interpreting services from a remote location. Today, technology providers are creating multi-modality enabled platforms that encourage the use of shared resources through intraplatform billing. This model not only allows for clients to request a specific modality (in-person, over the phone or video), but it also allows organisations to 'sell' their interpreting staff to other organisations within the network. Those interpreting requests that cannot be fulfilled within the network are then rolled over to a third party provider. As the UK public sector matures, it is only a matter of time before similar networks are utilised here.

Technology creates a unique opportunity for the smaller or specialist language service company as only 14% of respondents to the ATC UK survey stated that they utilise technology to automate the scheduling of interpreting services. For the small to mid-size language service company to compete with larger players it will be incumbent upon them to achieve scale, efficiency, and responsiveness that a larger language service company will not be able to provide as quickly. Technology will be key to leveraging this advantage.



Beyond 2019

Moments of uncertainty tend to lead to conservative behaviour. Brexit and its impact on financial markets and the effect of political policies on immigration and crime will shape the UK localisation market over the next several years.

Due to this, ATC UK Survey respondents felt that a significant slowdown in growth is due, but that growth would continue to be strong at 9%.

Translation and Localisation

In translation and localisation, technology will continue to be the key to growth. Automating processes and utilising MT will eventually move from a competitive differentiator into a cost of doing business. Specialist language service companies and translators who have relied on traditional translation and localisation processes will continue to feel competitive pressure on both price and productivity. Long-held client relationships will be at greater risk from other parties.

Multimedia localisation will continue to grow in demand resulting in language service companies investing in their technical capabilities and intellectual capital.

Niche providers who embrace technology, leveraging their specialist knowledge to develop unique tools within specific verticals, will continue to have a competitive advantage against larger language service companies with greater resources.

Interpreting

We anticipate that large interpreting contracts offered by the public sector will begin to leverage technology to facilitate remote, multi-modality interpreting and to maximise utilisation of existing resources. We anticipate that this will begin within industry segments with dedicated interpreting staff looking to improve efficiency. In addition, we believe that artificial intelligence and neural machine translation will begin to make their way into the interpreting market empowering the opportunity for unique solutions across multiple modalities positively affecting both quality and efficiency.

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