Association of Translation Companies
DEFINING STANDARDS OF EXCELLENCE

AFTER THE HYPE, SOME CLARITY

Time to Rewrite the Narrative

December 2025

Looking back, 2025 has been a year of sharp contrasts for the UK language services industry. Some companies rediscovered their resilience and continued to grow. Others struggled under the pressure of shifting market conditions. A few, very regrettably, will not see the calendar turn to 2026. But many have adapted, pivoted, and kept moving - and that in itself is telling.

If one thing has been consistent, it is the determinedness and competence of LSC leaders. The market may be unforgiving, but the instinct to lead, to stay proactive, and influence outcomes for the better is strong. The recognition that language work may be more valuable than ever amid the rising tide of AI in bulk has not been dimmed. If anything, another year of experiences under our belts has strengthened LSCs' resolve.

This is the 'non-choice' we identified at the start of 2025; for UK LSCs, standing still is not an option. For some, thoughts have turned to growth, or exit, via M&A. Hot on the heels of the ATC Director's Exit Guide, we explore M&A patterns in the UK and globally in this Q4 special.

2025 was also the year in which the hype, collective anxieties, and questions around AI reached their peak. Yet it was equally a year that pushed the industry to step beyond its comfort zone, to experiment, to be selective about what works, and to evolve with intent.

And increasingly, we are seeing UK LSCs make a different kind of choice: **not simply to seize opportunities, but to create them. By the end of 2025, the quiet confidence in our value has returned.** Let this be the light in the dark, guiding all our decisions as we step into 2026.

Raisa McNab
Chief Executive Officer

2025: A Year of Sharp Contrasts

At the start of 2025, the LSCs we spoke to reported varying levels of uncertainty tempered by cautious optimism and a resolve to push through the effects of the ongoing AI (r)evolution.

By the end of the year, the story is one of **resilience**. LSCs in the UK are perhaps bruised, certainly tested, but still moving forward.

Here is what we learned:

- Winning new business is difficult. Sales cycles are interminable, competition doesn't hold back its punches, and client-side pursuit of cost efficiencies appears bottomless. Not everyone can (or wants to) run in that race.
- AI is applying pressure across the board, from clients to LSCs and the linguists doing the work. The good news: evidence now shows that AI isn't the magic solution many hoped for. This gives LSCs the space to pivot, re-articulate their value, and find their sweet spot.
- There is capital available, whether to buy assets that bolster growth or to exit by selling a company. But the adverse conditions have made buyers more cautious. (More on this further in the report in our M&A special.)

AI: Ready to Flip the Calendar – and the Narrative?

AI has been the single most influential force in the language services industry this year. Politics and regulation matter, too, but AI continues to dominate conference agendas and to shape client decisions, and it shows no signs of fading into the background. It may, however, be time to move on from the hype. The testimonials from UK LSCs and their clients point in that direction.

External data indicates that 62% of organisations are still in the experimenting or piloting stages of GenAI adoption (source: McKinsey).

How does this align with industry feedback?

- Many clients rushed to GenAI to 'solve translation', but it doesn't seem to have happened at a scale yet. **There is still time for LSCs to learn where and how to apply AI to support clients under pressure** – though that time is running out as margins tighten.
- Service-centred models are showing their age as everyone wants the shiny AI toy. The discussion is tilting toward the value that has always been there but never been discussed enough: **domain expertise, linguistic and cultural savvy, technical orchestration, and governance.**
- 2025 was the year of AI agents. **We are moving towards 'what can be automated will be automated'**, while simultaneously layering LLM-powered tools on top of brittle legacy infrastructure and workflows not fit for AI. The AI (r)evolution will continue to play out for a while, and LSCs will want to remain part of shaping it.
- Client budgets are being cut, and their teams are shrinking. Even so, LSCs are treading water or growing modestly. Revenue feels the pressure, but content volumes are rising, and automation and AI are delivering greater efficiency. For now, the gaps in the hull are plugged.

AI: Ready to Flip the Calendar – and the Narrative?

Research and testimonials suggest we may be entering the trough of disillusionment with generative AI. Yes, AI can do a great deal, but the list of what it cannot do well (or safely, or consistently) is significant. Human-led delivery never fully disappeared, and in the coming year, it will likely make a comeback.

For UK LSCs, (re)crafting the value story is now essential. For every buyer who believes AI has 'solved the translation problem', three questions need asking:

1. **What are you trying to achieve?** (Here's how we can help you meet that goal.)
2. **What message do you want to convey to your audience?** (And here's why you may need to refine what AI produces.)
3. **What do you think your users will make of it?** (They may not be overly happy with what you sell them and here's why.)

Q4 Special
The State of M&A
in the Language Services Industry

M&A in 2025: A Buyer's Market

In 2024, M&A activity in the industry rebounded, and **experts are reporting 2025 to be as active as ever.** Just what does 'active' mean for prospective sellers and buyers?

Let's start with the bird's-eye view: the fluid political landscape (think US tariff volatility or shifting UK government policy) and uncertainty around AI make for risk-averse buyers. **Buyers *are* in the market, but only for the right asset, and they will dictate the terms.**

- The immediate effect is on business valuations, with EBITDA multiples not as high as sellers would hope: 2-3.5x EBITDA for companies between £1-5 million, and 3-4.5x for those in the £5-10 million revenue range.
- On the flipside, smaller deals can be more cash-based (as opposed to structured around earnouts), which may be more appealing to small business owners looking to sell in the short term.
- Specific service types (e.g., interpreting) or client industries (e.g., regulated ones) may be more appealing to buyers and lead to a better offer. For example, AI has not eroded interpreting service providers as much as it has for traditional translation companies, and there is recurring revenue from multi-year client contracts.
- In 2025, if you want to sell quickly, **you need something special**: a unique service/tech-enabled solution, attractive clients, or a well-developed presence in interesting industries or geographies.
- What to remember? The smallest companies (under £1 million) may be less appealing to prospective buyers. But there will be a buyer out there for you – you may just need to temper your expectations.

M&A in 2025: The Rationale Remains the Same

The language services industry is undergoing a turbulent transformation. Still, it is precisely because of the resulting uncertainty and stalling organic growth that **the interest in M&A remains high. It's one of the surest ways to (inorganically) grow business.**

Let's examine the underlying rationale:

1. Buyers buy because of a combination of client portfolio, client industries, and geographic presence. Client account consolidation is underway, from the top of the market down.

2. Resilience IS attractive: Buyers will be looking at your track record of demonstrable growth, despite difficulties. If you had a bad year, showing *how* you're actively getting out of it is everything.

3. M&A is governed by logic: Buyers are being strategic about their investment. Sound financials, and a clear vision of where your company fits in the market – and how it will grow – are key to closing a deal.

M&A in 2025: Who Is Your Buyer?

You've decided to sell, eventually. There aren't many surprises about who your prospective buyer will be. So, who are they and what to expect?

In 2025, **most transactions were LSCs acquiring other LSCs**. There still is some interest from the outside (e.g., PE/VC), but buyers are cautious, and looking for the right deal. Note that the top of the industry is heavily PE-backed (Nimdzi reports approximately 70% of the top 100 LSCs are PE-backed).

Consolidation continues at the top of the market, but larger LSCs in the £30 million range are no longer looking at LSCs below £7 million in revenue (there are exceptions). The industry is in a state of flux. Experts expect more smaller deals in the £7-12 million range, with big deals being the exception rather than the norm moving forward.

M&A is not only for the big players. A new buyer group is forming: LSCs in the £5-8 million range that acquire smaller businesses, build value through acquisitions, and do not seek an exit before entering the £10-16 million bracket.

M&A in 2025: What's Happening in the UK?

Companies around the world continue to buy and sell at pace. The US traditionally records the highest number of transactions and Slator reports that 35% of all industry deals take place there. The UK is not far behind. **With seven M&A deals in both 2023 and 2024, it remains the most active market in Europe.** So far in 2025, the only notable publicised deal is the UK's Wolfestone Group acquiring the US-based provider Omni.

Let's look at some of the notable recent transactions involving UK companies and examine how their rationale aligns with the themes outlined in the previous pages:

- Wolfestone Group's focused acquisition strategy and its 2025 acquisition of Omni Intercommunications showcases a cross-border deal that strengthens the company's position in the US – the world's largest language services market – while expanding its service-line capabilities.
- The Translation People's acquisition of Dialogue Language Services International in 2024 and eLearning specialist Transladiem in 2025 is a strong example of a growing category of buyers below the £10 million revenue mark pursuing opportunities for inorganic growth.
- thebigword's acquisition of Clarion in 2024 illustrates a classic move: expanding home-grown presence while deepening a specialised service portfolio – a reminder of the continued strength and appeal of interpreting in the UK, the market with the greatest public-sector demand for such services outside the US.

M&A Beyond 2025: Recommendations

Every LSC has a unique value proposition and trajectory, and its owners may be at different stages of their ownership journey. Existing investors will be at various stages of growth or exit planning. These observations and experiences ring true for anyone considering buying or maximising the value of their company before selling:

- Companies will need to get creative if they want to be bought. Always look for ways **to create or repackage value**. Move from project management to orchestration and governance (client translation and localisation teams already are).
- Speaking of selling, i.e., an LSC selling its services and affecting its growth, the time-tested way to bolster it is to invest in a sales team and infrastructure, and shift to a consultative approach – you have to get creative with delivering, too.
- You may be focused on the sale, but you can't ignore what your clients want. If they want to cut costs through AI, future-proof your services.
- There's a case to be made that smaller LSCs can adapt and pivot more quickly than larger ones; agility and resilience are close cousins. Ask this: How can you pivot to growth positively?
- Buyers may be interested in your clients, but they also want to see the talent you have on your team. A seller's ability to nurture and expand talent, and to attract talent with new capabilities and status-quo-shaking ideas, is key.

M&A Beyond 2025: Recommendations (cont'd)

The idea of a strategic pivot that LSC owners may have to make – including determining where and how to operate it – mirrors the broader shifts in the language services market.

Everyone is pivoting: Whether it's buying another company to consolidate clients under an AI-augmented platform and boost growth, or redefining a new niche, **it is essential not to remain static and always be on the move to achieve positive momentum on the bottom line.**

If you're thinking about it, but don't yet feel ready to kickstart the M&A process, that is fine. You may not feel unique enough to be attractive today, but that may no longer hold you back in two or three years. In the meantime, there are many levers to pull to jumpstart growth.

As a business owner looking to engage in the M&A process, exposing yourself to new perspectives and ideas, and bringing on external contributors may be just the thing to get started.

M&A: Opportunities and Strategic Pivots

There is activity in the M&A space, even if much of it remains invisible and slow-moving. That is the nature of business. Acquiring a company is still one of the most direct ways to accelerate growth in turbulent times such as ours (provided the seller has their house in order and the pieces align), while for sellers it remains an opportunity to realise the value of decades of experience and dedication.

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- Mike Klinger of Language Transactions
- Benny Orr, M&A specialist, strategic growth, and business mentor

...and others.

Everything, Everywhere, and All at Once?

Earlier this year, we wrote about the delicate balance LSCs are part of. For many, 2025 has felt like walking a tightrope: existential questions below, the promise of growth ahead, and little room to retreat. There is another, contrasting sentiment that has emerged in some corners of the language services industry: that companies must be everywhere, doing everything, and if they aren't, they should have started yesterday.

To close the year, we offer a different view: It needn't be so.

2025 may have been one of the toughest years in recent memory, but leaders consistently report that clarity about their immediate business environment and an understanding of which levers to pull to pivot or restart growth remain essential. And those levers are still there for anyone ready to move past the hype. You don't need to do everything. You need to do *something*.

LSCs across the globe are not done riding off into the sunset. That decision is not AI's to make. It belongs firmly in human hands.

At the ATC, we will be there once the calendar flips to 2026, reporting on what the narratives for a new era will look like.