

Ovum Reports:

The Expanding World of Globalization



The world market for globalization will approach US\$8 billion by 2000, says British market-research firm Ovum.

BY LIZA LOUGHMAN

Everybody talks about the weather, but nobody does anything about it. So Mark Twain once said. Similarly, everyone seems to be talking about the booming market for language services, but few have undertaken the arduous task of analyzing and quantifying it.

The international market-research firm Ovum recognized this gap, and conducted two seminal surveys: *Globalisation: Creating New Markets with Translation Technology*, and *Ovum Evaluates: Translation Technology Products*. At 414 and 424 pages respectively, they are weighty tomes that deserve serious attention. Although originally appearing in 1995, their analytical method is solid and their analysis penetrating—refreshing in an industry where market studies are practically unheard of and where the anecdotal often takes the upper hand over the verifiable. Thus, as a service to *Language International* readers, we give a brief introduction to the Globalization report in this issue, and will feature the Translation Technology report in the near future. *LI* readers can also expect regular “facts and figures” presented by Ovum, as well as announcements of any updates from this leading market researcher.

The Globalization report is authored by an impressive team, including industry guru Rose Lockwood (interviewed in *LI* issue 9.1), Jean Leston, and Laurent Lachal.

The report is broken down into nine sections beginning with a Management Summary which

outlines the macroeconomic forces pushing the globalization market. It also outlines a strategy for globalization vendors to meet the rapidly growing demands of the marketplace (“Companies in all sectors are moving into markets where

The Evolution of Globalization

Global focus

Global products

Central strategic importance

Well-planned and coordinated

Most languages

Global-ready

Modification of existing products

Globalization as an after-thought

Line vs. staff function

Low visibility

Many languages

Translation plus

Domestic focus

Low status of translators

As needed

One or few languages

Translation only

Source: Ovum, *Globalisation*

double-byte languages are used ... Neither translation agencies nor tool vendors are perceived as keeping up with this trend.”).

Section B, “The Need for Globalization.” begins by defining the term: “In this report, globalization refers to the process used to produce local language products and documentation ... [and] encompasses internationalization, localization, and translation.” It then describes who globalizes, and user issues and trends.

Section C, “Globalization and the Translation Process,” gives detailed workflow scenarios in the industry, including the application of machine translation. It contrasts the “old” and “new” models for translation (the multilingual component is built into the process much earlier), as well as “centralized” and “decentralized” workflow models.

Section D outlines the current offering of Products and Services. This chapter offers a fresh look at how one can categorize the many product and service offerings:

- Reference Tools (dictionaries, thesauri, spell-checkers, grammar checkers)
- Language Resources (terminology-management systems and content)
- Automatic Translation Products (machine-translation or MT systems and translation-memory or TM systems).

The report further breaks down MT systems into personal, professional, and production (large-volume, multiuser) applications. This chapter also touches on attempts to standardize terminology-exchange formats.

“Market Structure and Scenario,” Section E. presents the assumptions underlying the market forecasts presented below and identifies key drivers in the market. The information is based on interviews with major vendors and users, custom market surveys conducted by Ovum, and a member survey by LISA (the Localization Industry Standards Association).

According to Ovum, the market for German will drop from 18 percent of the total in 1994 to 12 percent in 2000, while that for Japanese will jump from 18 in 1994 to 31 in 2000.

Next comes “Market Definition and Forecast Methods” (F), which provides detailed quantitative breakdown of worldwide revenues in globalization services through 2000. According to Ovum, the market for German will drop from 18 percent of the total in 1994 to 12 percent in 2000, while that for Japanese will jump from 18 in 1994 to 31 in 2000. Japan ranks at the top of the national markets for globalization services, representing sales of \$352 million in 1995 (with Germany in second place at \$230 million) slated to reach \$1.9 billion in 2000 (compared to \$639 million for Germany). The market is also analyzed by sector, with the public-sector demand sliding from 16 percent of the

(continued on page 44) ◀

Worldwide Revenues from Globalization Products and Services 1994–2000 (\$ millions)

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Products							
Language reference & resource tools	43	60	89	134	214	364	655
Automatic translation products	80	112	168	252	353	459	573
Training & implementation	16	28	50	88	141	206	287
Total translation products market	139	200	308	474	708	1,030	1,520
Services							
Software sector	396	564	776	1,050	1,400	1,840	2,390
Technical documentation (non-software)	528	660	825	1,030	1,290	1,610	2,020
Business information, services	132	198	297	446	668	1,000	1,500
Public sector	264	277	291	306	321	337	354
Total services market	1,320	1,700	2,190	2,830	3,670	4,790	6,260
Total market	1,460	1,900	2,500	3,310	4,380	5,820	7,780

Source: Ovum

Market Study (continued from page 21)

total in 1995 to only 6 percent in 2000 (with software and business information/services both experiencing dramatic growth).

In a study where each chapter is a source of insight, Sections G and H, "User Profiles" and "Service-Vendor Profiles," particularly stand out. These well-done snapshots offer strategic and structural insight into such leading manufacturers as Apple, Caterpillar, and CompuServe, on the user side, and Berlitz, ITP, and Mendez on the supplier side. Although workflow process and technology have improved since the report was written (and several of the players outlined have gone the way of the dodo), these chapters are still the best single source of such information on the market today.

For more information, or to order a copy of the report, contact:

David Hatch, Director of Marketing
Tel: +1 617 272-6414 (USA)
Fax: +1 617 272-7446
Web: www.ovum.com
email: dhh@ovuminc.mhs.compuserve.com