



# Virtual Benchmarking

How Lucent Localization Solutions Stayed Ahead of the Curve to Stay Efficient  
(And Stay in Business)

by John Freivalds

**O**utsource. Downsize. Eliminate. Automate. Fire. These have been the buzzwords, the mantra, of many corporations in the last couple of years with the collapse of the "dot.coms". Their mantra was: Innovate, Capture, Expand, Hire and Acquire at all costs. Obviously this didn't work and the aftermath has reduced profitability in a number of hi-tech companies.

Corporate management throughout every industry segment has looked for ways to cut companies' operating costs wherever they can find them and Lucent Technologies has been no exception. Among its competitors, Siemens alone still has an in-house translation group while Motorola, Ericsson, Alcatel and Nortel have outsourced. In the case of the latter there is a saying in American English: "They threw the baby out with the bath water." Nortel outsourced its translation and localization group so fast, and so thoroughly, that in the end it harmed itself and is reported to be building back what it had discarded.

Lucent Localization Solutions ([www.lucent.com/translations](http://www.lucent.com/translations)), begun in 1988 as AT&T Business Translations, is a survivor in this new world. It is one of the largest private company in-house translation and localization firms left in the world, yet one that has "kept its place at the table" by becoming as efficient as the outside vendors who are always offering to replace it. It has maintained a core operating group that has now been part of two companies, gone through four name changes in the past six years and innumerable shifts in corporate reporting.

### No One Else Can Do It Right!

When *Language International* first began publishing in 1989, there were hardly any sizeable technically capable translation and localization vendors in the world. No Lionbridge, no Bowne, no SDL. Not even a Welocalize, Moravia or Teletranslate. Not even a LISA to gather and exchange ideas. The modern language translation industry was just beginning and companies like AT&T, IBM or Texas Instruments, not finding any capable vendors to handle their large volume translation needs, set up their own in-house units. A hi-tech presentation at that time was to show clients how a Macintosh worked! And since there was little if any multilingual software available to show your language expertise, you showed clients your many multilingual dictionaries and the curricula vitae of your translators. Corporate management fully supported this in-house translation for

they simply needed the translations to sell their products into international markets.

AT&T were successful in manufacturing complicated telephone switching systems, namely the 5ESS® Switching system. The 5ESS switch is a central office telephone system which is basically the brain and core of the backbone to a telecommunications network. The vast majority of switches in North America are 5ESS and this is the switch that AT&T and then its successor, Lucent, aggressively sold overseas. These switch installations would often require over 18,000 pages of documentation to be translated in short order (three months is typical interval). The jargon of telecommunications is unintelligible to most people and no outside competence existed in translating these materials.

And since AT&T Business Translation developed this capability, it was able to also offer large-scale translation projects for other companies. The client roster included Eastman Kodak, Xerox, 3Com, Hewlett Packard, Ford even Wendy's International, to mention a few. A former director of the translation and localization group noted: "We sell our services outside the company in a measured way. The core competencies we have developed to support Lucent are very broad and varied. Our goal is to leverage core competencies in the commercial market."

In a turnabout for that time, a former Director of AT&T Business translations, was asked whether he was concerned that his clients would develop their own translation capabilities. His answer was: "Not really. Internationalization, localization and translations are our business, and we are drivers of the technology that supports them. We stay current with the latest trends, buy the latest products, and improve on these trends and products. We can afford to do so because it's our business, and we must commit to state of the art processes and technologies to stay ahead of competition." He was not kidding and in 1994 his group became the first translation firm in the Western Hemisphere to be ISO 9002 certified.

This attitude was in stark contrast to the prevailing attitude at other in-house translation units that operated during this era. For example, when IBM was approached by a language services vendor ten years ago offering to cut its cost of translation and "MRI" (machine readable instruction—what IBM called localization) by US \$100 million, the head of the Natural Language Support group noted: "The problem is that no one here would pay any attention to savings that small!" The next year IBM re-

ported the largest loss (up to that time) in American corporate history. They probably would have liked to have that US \$100 million in savings.

To put this in human terms the company that made the proposal, now part of Bowne, calculated that it would only need 52 people to handle the work that IBM was doing at that time with 250 full time people and 400 contractors. The vendor did not mince words in the proposal to IBM: "I have no doubt that the language support as it exists today at IBM has outlived its time."

But NLS had the last say and had created the attitude that only its own methods would work. In a memo sent out to all IBM personnel with the heading "NO ONE ELSE CAN DO IT RIGHT", the memo said: "In summary, when translation of customer's product information is needed, no other organization but the country's translation centers have the requisite product and country-specific knowledge to get the job right." The vendor's proposal was rejected.

Texas Instruments also had an in-house translation unit. It was located in Nice, France and all translation work had to be shipped there. One division of Texas Instruments was based in a small town in Texas, which manufactured laptop computers and worked in software called Ventura, which Nice did not handle. So the people in Nice found a vendor in Cleveland Ohio USA to handle this. The work thus went from Texas to Nice to Cleveland back to Nice and then back to Texas. With each handle the costs went up. When the documentation manager in Texas found out what was going on, he divorced himself from the in-house group and got his own vendor.

### Lucent and Virtual Benchmarking Is Born

In 1996 Lucent was created out of AT&T in a US \$1 Billion Dollar IPO, the largest IPO in US corporate history up to that time. AT&T didn't see manufacturing as a growth industry and wanted to split it off as a separate company. Lucent wanted to sell switching systems to a variety of phone companies but since AT&T was a competitor to many, it couldn't. The spin-off changed all that. AT&T Business Translations which did most of its work for what became Lucent, went with the new company. And with this ILT Solutions was born, the new name of the translation firm. And while Lucent kept its headquarters in New Jersey, ILT Solutions had its

headquarters in Winston-Salem North Carolina with offices throughout the US and several overseas.

Almost immediately, ILT began to benchmark how it was doing, particularly in reference to its competitors in the telecommunications business. Top corporate management seemed satisfied with ILT as long as it was more efficient than Nortel, Ericsson, Alcatel, Motorola and Siemens; Cisco wasn't born yet. ILT Solutions later became Lucent Global Translations and now Lucent Localization Solutions.

But with constant upper management changes and reorganizations, ILT Solutions reported to many different groups. Over the course of the last six years the translations and localization group has reported to Bell Labs, Customer Technical Support, a product house within Lucent, the main corporate center, and currently Human Resources and the Chief Information officer. Each time a managerial change came about, the questions seemed to repeat the same questions: "What do you do and how well do you do it compared to our competition." Research into this area became a constant if not virtual activity.

But with the collapse of the telecommunications market bringing the Lucent share price to below US \$1.00 earlier in 2002 from a high of US \$80 in 2000, the questions went beyond how Lucent was doing against its telecommunications rivals, but against the phenomena of outsourcing altogether. And management wanted to know why you just "couldn't do it with software".

And as the translation and localization vendors became large enough to handle Lucent's work and started calling on upper management to consider outsourcing, the scrutiny increased. Lucent's competitors, as I mentioned earlier, began to outsource just about everything, so that Siemens and Lucent are the only telecommunication firms left with in-house units that also sell to firms outside.

The benchmarking became more intense and went out to include all major players in the translation field. In observing Lucent's operations over the last six years, the thing that has amazed many has been the positive attitude of the employees. There is little griping about what is going on in other parts of the company. The attitude has been rather "let's not worry about what we have no control over."

A recent industry study found the Lucent localization group has managed to lower cost for Spanish, Chinese, Portuguese and Japanese by over 20% since 1990, in a labor market that has risen 160% in the same period of time. And in a major benchmarking exercise against major translation vendors, it was able to produce Spanish translations for 43% less than the average, Portuguese for 50% less, Japanese for 25% less, Chinese for 50% less, and Arabic for 64% less. The current Director of LLS states that: "These savings are attributed to process re-engineering and in-house developed re-use technology. In addition, the key to success is the delicate balance the team has developed between "centralized" and "de-centralized" process management to realize economies of scale in the production processes. This strategy has netted

Lucent significant savings without sacrificing customer deliveries."

Historically the company has done little marketing as the corporate parent generated most of the work. Marketing was primarily directed at divisions within the company that did not know there was an in-house translation unit. Some chose to go outside nonetheless. An Intranet web site was set up for in-house business. Occasionally Lucent would do some advertising but it was its sales people with a story to tell that got the sales. This quiet approach, the name changes, process re-engineering, and being located in Winston-Salem North Carolina USA has meant few people even know of its existence and this interesting history of an in-house translation group that survived.

#### Author's note:

Over the last ten years I really don't know how many articles I have penned for Language International. It was one of the few places where corporate overviews and histories and management insights were always welcome. Today we live in a world of constant innovation and product introduction and the really good stories are often untold.

Thank you *Language International* for allowing me to tell some of these stories.

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## Lucent Localization Solutions Historical Timeline

