

A Forrester Total Economic Impact™  
Study Commissioned By  
Translations.com  
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# The Total Economic Impact™ Of Translations.com's Managed Services Program

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**Project Director:**  
Mary Anne North

## ABOUT FORRESTER CONSULTING

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## Key Benefits



Translation cost savings:  
**\$1.6 million**



Avoided labor costs for  
translation management:  
**\$1.0 million**



Avoided labor costs for business  
review of translated documents:  
**\$138,267**

## Executive Summary

Translations.com's Managed Services Program integrates technology, business process automation, and project management expertise to deliver a complete scope of language services to enterprises globally. Translations.com can provide a complete service offering including on-demand translation services capacity or the ability to manage multiple translation vendors on the enterprise's behalf. The program enables enterprises to improve operations and cut costs by standardizing, automating, and optimizing their translation processes.

Under the Managed Services Program structure, Translations.com functions as an organization's translation project management team, bringing deep expertise and best practices based on over 25 years of experience. All approved translation services suppliers work and collaborate in a common technology platform (Translations.com's GlobalLink product suite) that improves efficiency, reporting, and process governance. Over time, accumulated translation memory (managed via GlobalLink) reduces the costs and time required to translate content while increasing translation quality and improving consistency in brand voice.

Translations.com commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its Managed Services Program. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of the Managed Services Program on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed one customer with several years of experience using the Managed Services Program.

Prior to using the Managed Services Program, the interviewed customer managed its translation needs with an in-house team that also translated content, but the organization sent larger or more complex translations to vendors. Given these split duties and highly manual processes, it was difficult for the team to focus on understanding and improving translation processes. The organization also lacked technology that could standardize translation efforts, eliminate duplication of effort, shorten turnaround time, and reduce overall translation costs (both internal and external).

In reflecting on the impact of the Managed Services Program, the organization's translation manager noted: "We have centralized services as much as we can. We have a fairly streamlined set of vendors. We have Translations.com project managers who have knowledge of our organization and what our in-house clients are looking for, and who know how to talk to our vendors. We save money in the long run because we can translate more for less and do that faster."

## Key Findings

**Unquantified benefits.** The interviewed organization experienced the following benefits, which are not quantified for this study:

- › **Greater focus and expertise specific to translation management, resulting in operational and cost improvement.** Because Translations.com project managers focus solely on translation project management and can draw on Translations.com's collective experience, they provide the organization with deep expertise and extensive insight. On an ongoing basis, Translations.com project managers identify, suggest, and help the organization implement improvements to translation operations and cut its translation costs.
- › **Well-defined and customized workflows aligned with the organization's processes and preferences.** The Managed Services Program is highly customizable to accommodate the organization's needs.
- › **A comprehensive centralized view and control of all translation efforts.** Centralized project management and granular reporting on translation operations enable the organization and its Translations.com project managers to better understand and manage translations efforts.
- › **Improved translation quality, including better brand voice consistency.** GlobalLink improves translation quality and consistency, reduces the number of revisions and reworks, and ensures uniform brand voice in translated content because translation efforts can be standardized globally by embedding style guides, brand glossaries, and translation memory into translation and review processes.
- › **Ability to scale project manager efforts.** The organization is now better positioned to handle a spike in translations volume or decrease its project manager expenses when volume dips.
- › **Lower project management fees from translation vendors.** In addition to per-word translation fees, translation vendors charge project management fees. Because of Translations.com's automation and processes, translation vendors can spend (and charge for) fewer hours to manage each translation project.

**Quantified benefits.** The interviewed organization experienced the following three-year risk-adjusted present value (PV) quantified benefits:

- › **Translation cost savings of \$1,604,255, from translation memory, repetitions, in context exact (ICE) matches, and machine translation.** The GlobalLink centralized translation memory solution reduces translation costs by leveraging translation memory (companywide content translated and approved in the past). Other GlobalLink technology identifies repetitions within a file (to decrease the number of words that need to be newly translated) as well as segments where previous and subsequent segments are a 100% match (so segments are processed at no charge). Machine translation is used where feasible, enabling lower costs than human translation.
- › **Avoided labor costs of \$1,108,185 for translation management, from transitioning internal staff efforts to managed services.** Project managers from the Managed Services Program replaced an in-house team that previously managed the organization's translation projects.
- › **Avoided labor costs of \$138,267 for business review of translated documents, through automation of manual offline efforts.** Instead of annotating and forwarding documents, reviewers now use an automated online process informed by brand glossaries and style guides. Because words reviewed per hour has nearly doubled using GlobalLink, reviews take less time.



**ROI**  
**32%**



**Benefits PV**  
**\$2.8 million**



**NPV**  
**\$674,862**



**Payback**  
**17 months**

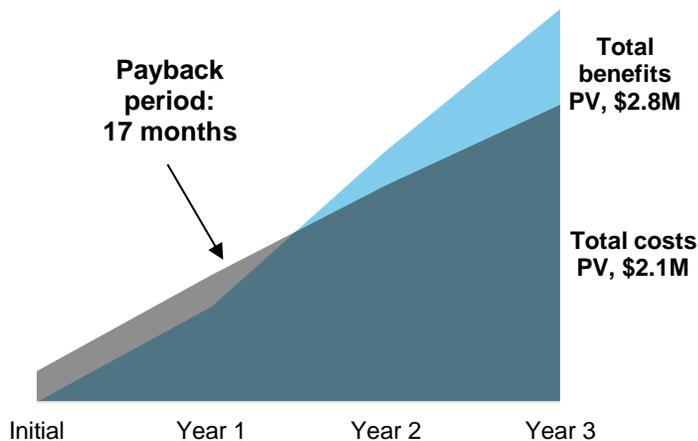
- › **Avoided labor costs of \$12,994 for financial administration of translations, due to a more efficient online process.** With the streamlined project administration and online tools provided through the Managed Services Program, an administrative assistant spends less time providing translation vendors with cross-charge codes.

**Costs.** The interviewed organization experienced the following risk-adjusted PV costs:

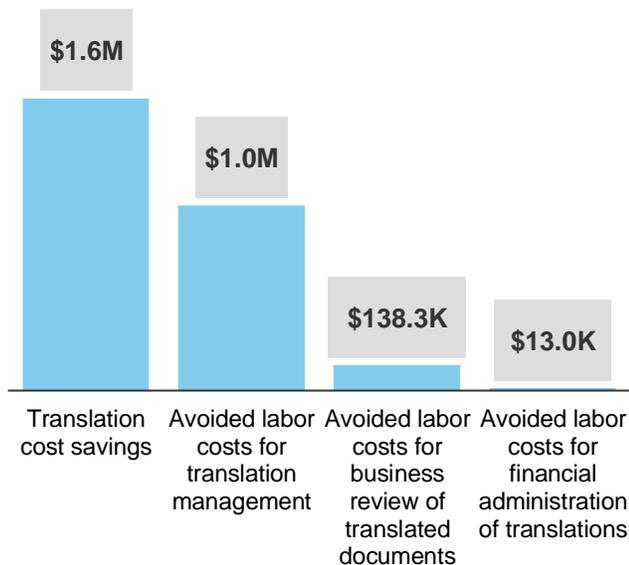
- › **Translations.com fees of \$1,781,650.** Translations.com fees include implementation fees, managed services fees, and software-as-a-service (SaaS) fees for GlobalLink modules.
- › **Initial and ongoing internal labor costs of \$317,189.** Internal implementation costs include IT and operations staff time. Ongoing costs include one FTE as translation manager and IT support.

Forrester's interview with an existing customer and subsequent financial analysis found that the interviewed organization experienced benefits of \$2,773,701 over three years versus costs of \$2,098,839, adding up to a net present value (NPV) of \$674,862 and an ROI of 32%.

### Financial Summary



### Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

## TEI Framework And Methodology

From the information provided in the interview, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Translations.com's Managed Services Program.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Translations.com's Managed Services Program can have on an organization:



### **DUE DILIGENCE**

Interviewed Translations.com stakeholders and Forrester analysts to gather data relative to the Managed Services Program.



### **CUSTOMER INTERVIEW**

Interviewed one organization using the Managed Services Program to obtain data with respect to costs, benefits, and risks.



### **FINANCIAL MODEL FRAMEWORK**

Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organization.



### **CASE STUDY**

Employed four fundamental elements of TEI in modeling the impact of Translations.com's Managed Services Program: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

## DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Translations.com and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Translations.com's Managed Services Program.

Translations.com reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Translations.com provided the customer names for the interviews but did not participate in the interviews.

# The Managed Services Program Customer Journey

## BEFORE AND AFTER THE MANAGED SERVICES PROGRAM INVESTMENT

### Interviewed Organization

For this study, Forrester interviewed the translation manager from a global energy company. That individual is the organization's focal point for its use of Translations.com's Managed Services Program and serves as the principal ongoing contact with Translations.com.

- › As a large and complex company operating in many countries worldwide, the organization requires translation services for a wide array of content used both internally and externally. Timely and accurate translations are critical for operational support and brand perceptions. The organization also needs to regularly publish content that satisfies regulatory and compliance requirements in order to avoid penalty fees.
- › Key ongoing participants in the Managed Services Program include a five- to six-person team of project managers from Translations.com, the organization's translation manager, and the organization's external providers of translation services. The translation manager and the project managers collaborate on quality control and financial management of the program, working with the organization's translation vendors and its internal clients for translation services.
- › The organization teams with Translations.com project managers and translation vendors participating in the Managed Services Program to work on and communicate through a common technology platform of modules from Translations.com's GlobalLink product suite. GlobalLink increases translation process efficiency and provides reports and dashboards that detail translation efforts. The organization and its vendors leverage the translation memory functionality within GlobalLink, which provides a centralized repository of previously translated content that can be reused to decrease translation fees.
- › Internal clients who need content translated submit their requests and upload files through Translations.com's GlobalLink Project Director application. A project manager from Translations.com's Managed Services Program then manages the translation request to completion, including financial management.
- › Approximately 21 vendors including Translations.com provide translation services for translation requests submitted through the Managed Services Program. Translations.com forwards the translation request to the approved translation vendor deemed most appropriate and cost-effective for that translation need. A translator reviews and translates the content using the organization's integrated brand glossary and style guides and employing GlobalLink's translation memory. Updates to content are automatically added to translation memory for reuse in future projects.
- › Over its several years with the Managed Services Program, the organization has submitted between 1,027 to 1,488 translation requests annually. Other annual metrics include 3,764 to 6,052 source files, 5,348 to 8,805 target files, and 7.2 to 8.7 million words translated.

## Key Challenges

Interviews revealed the following key reasons that drove the investment in the Managed Services Program:

- › **Manage translations more efficiently and cost-effectively.** Prior to implementing the Managed Service Program, the organization used an internal team of eight people to manage its translations needs. These project managers selected a translation vendor for a given project and managed the project through completion. They coordinated with the organization's procurement function to set up contracts and statements of work with vendors and ensured vendor invoices were paid and cross-charged internally. The project management processes were highly manual. In addition to working with in-house clients and the translation vendors, six of those eight people also translated content. There was no shared translation memory or other tools to reduce translation time and effort (and, externally, translation fees) for words previously translated. The team did share and maintain a multilingual glossary. The organization decided to move translation project management from this internal team to external resources. It believed that shifting those efforts to a third party focused solely on translation project management would be more cost-effective over the long term because of process improvements from leveraging the broad cumulative experience of a focused provider, and shifting the fixed expense of an in-house team to the volume-based variable expense of an external provider.
- › **Better understand and manage translation efforts.** The organization tracked project status on spreadsheets, with no centralized view of overall translation efforts. This made it difficult for the organization to assess and optimize those efforts.
- › **Ensure rapid uptake on new translation projects.** An operational emergency or a legal case can require an immediate translation. With operations spanning the globe but translation project managers concentrated in two contiguous time zones, the organization often faced delays in initiating translation projects.
- › **Standardize translation processes.** The organization also wanted to ensure uniform translation processes.

“The idea was that we would have a ‘follow the sun’ approach that anybody, anywhere in the organization could request translations at any time and it would be picked up within the hour. That is what we now have. We didn’t have that before, so that’s an improvement.”

*Translation manager*



## Solution Requirements

The organization searched for a solution that could:

- › Deliver a complete range of translation project management services.
- › Enable it to more efficiently manage its translations process.
- › Provide technology (including translation memory and brand glossaries) that would cut the time and cost needed for translations and improve consistency of translated content.
- › Streamline and optimize the translation review process.
- › Work effectively with the organization's diverse array of translation vendors and freelancers.
- › Enable swift response around the clock globally as translation needs emerge.
- › Accommodate the organization's preferred workflows and translation processes and its variable level of translation needs.

After an RFP process through which it evaluated multiple providers of translation project management services, the organization chose Translations.com's Managed Services Program based on its overall package of services and software. That package included "follow the sun" coverage globally through project managers on multiple continents, and software to cut translation costs and simplify translation management by automating manual tasks, customizing workflows, providing immediate access to translation memory, and tracking translation projects.

## Key Results

Interviews revealed that key results from the Managed Services Program investment include:

- › **Operational and cost improvement enabled by Translations.com project managers' greater focus and expertise.** Because they can focus on translation project management and draw on Translations.com's collective experience, project managers identify, suggest, and help the organization implement improvements to translation operations and cut its translation costs.
- › **Translation workflows tailored to the organization's processes and preferences.** Translations.com accommodates the organization's needs in how it implements and delivers the Managed Services Program.
- › **Improved ability to understand and control translation efforts and costs.** A centralized dashboard in GlobalLink provides a comprehensive view of all translation projects, including costs and key performance indicators (e.g., project status, delivery, etc.).
- › **Improved translation quality and brand voice consistency.** GlobalLink embeds style guides, brand glossaries, and translation memory into translation and review processes, ensuring quality, consistency, and fewer revisions and reworks.
- › **Scalability of project management.** The organization can respond quickly to spikes in translations volume and cut its project manager expenses when volume dips.
- › **Decreased vendor project management fees.** Translation vendors charge project management fees as well as per-word fees. Translations.com's automation and processes enable translation vendors to spend fewer hours and charge lower fees for project management.
- › **Translation cost savings enabled by GlobalLink technology and the use of machine translation.** GlobalLink technology reduces the organization's translation vendor fees by leveraging previously translated content, identifying repetitions in a file (so they are newly translated only once), and highlighting segments where previous and subsequent segments are a 100% match (so those segments are processed at no charge). The use of machine translation for certain kinds of content enables lower costs than human translation.

"Translations.com's project managers have extensive collective experience. And they're not encumbered by meeting deadlines for a translation, because they're not doing translations themselves. They're focused on project managing the translations."

*Translation manager*



- › **Lower internal labor costs by shifting in-house project management efforts to managed services.** With Translations.com project managers now taking translation projects from request to completion, the organization reallocated an eight-person in-house team that previously managed its translation projects.
- › **Less staff time needed for business review of translated documents.** By adopting an automated online process, reviewers cut the time they spend reviewing translations. Words reviewed per hour increased from 500 to 968.
- › **Decreased time spent on financial administration of translations.** Online tools and a streamlined process cut the time that an administrative assistant spends providing translation vendors with cross-charge codes.

The magnitude of the quantified benefits is likely to increase over time as this large and complex organization further rolls out the Managed Services Program.

# Analysis Of Benefits

## QUANTIFIED BENEFIT DATA

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Translation cost savings	\$280,513	\$853,205	\$857,318	\$1,991,036	\$1,604,255
Btr	Avoided labor costs for translation management	\$409,427	\$409,427	\$409,427	\$1,228,282	\$1,018,185
Ctr	Avoided labor costs for business review of translated documents	\$45,137	\$65,042	\$57,871	\$168,050	\$138,267
Dtr	Avoided labor costs for financial administration of translations	\$5,225	\$5,225	\$5,225	\$15,675	\$12,994
	Total benefits (risk-adjusted)	\$740,302	\$1,332,898	\$1,329,842	\$3,403,042	\$2,773,701

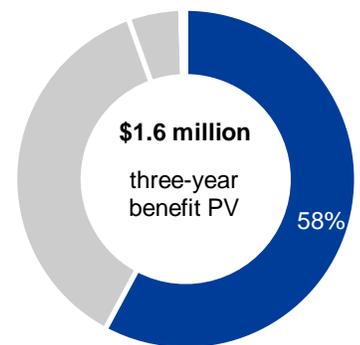
## Translation Cost Savings

GlobalLink's centralized translation memory functionality enables the organization to cut its per-word translations cost by having its translation vendors leverage translation memory (companywide content translated and approved in the past). When the organization submits new content for translation, the translation memory feature detects words, segments, sentences, or entire paragraphs that have previously been translated (full matches) or are very similar to approved text in the organization-specific GlobalLink database (partial matches). Vendors charge a reduced rate for partial matches, compared to new words without translation memory match. In most cases, they process full matches, repetitions, and ICE (In Context Exact) matches free of charge. (Discounts may vary by language pair.) The organization thus avoids repeatedly paying full price for the same translations. Translation memory also enables identification of any projects that match 100% (because the same content had been submitted for translation in the past), which are delivered automatically at no charge to the organization.

As more words get translated over time, an organization's accumulated translation memory can significantly reduce the costs and time required to create new translations while raising overall quality and consistency in brand voice. However, the percentage of full and partial matches (referred to as translation memory leverage) varies from one year to the next depending on the degree to which existing source content changes, and how similar any new content is to content that was previously localized. When source content changes considerably, fewer full and partial matches occur. When source content is more stable, the percentage of matches increases.

GlobalLink also reduces translations costs by identifying repetitions, which are sentences repeated within a submission. If analysis of the file indicates repetitions, a translator can translate those repetitions once, then repopulate the other instances in that file and only proofread them (for which the lowest per word charge applies). The number of repetitions varies significantly, depending on how creative the content is, with repetitions more common within documents like terms and conditions or frequently asked questions.

The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total benefits to be a PV of nearly \$2.8 million.



**Translation cost savings:  
58% of total benefits**

Translations.com continually assesses, proposes, and (where needed) helps negotiate additional ways for its Managed Service Program clients to improve translation operations and cut their translation costs. Those continuous improvement efforts resulted in a pilot program and then a broader rollout of machine translation and led to the organization now having words with ICE matches translated at no charge. Machine translation, provided by Translations.com and incorporating translation memory to improve quality, has proved to be cost- and time-effective for content used internally such as academic papers or background information used to inform a decision. Content is populated with any 100% matches and then translated using technology instead of human translators, resulting in lower per-word translation fees. An ICE match is a segment within translation memory where both the previous segment and the subsequent segment are 100% matches. These 100% matches are processed free of charge.

Forrester models translation cost savings as:

- › Translation memory per-word cost savings based on the total number of words charged at a full rate, prior to translation memory match discounts.
- › Total volume of words translated ranging from 7.2 million to 8.7 million each year depending on the organization's translation needs.
- › Varying percentages of full matches, partial matches, and repetitions from year to year.
- › Per word savings:
  - \$.08 to \$.09 for a full match
  - \$.01 to \$.06 for a partial match, depending on percentage of match
  - \$.07 to \$.10 for a repetition
- › In Year 3, 233,000 words processed free of charge due to ICE matches.
- › Annual volume of machine-translated words ranging from 605,000 to 4,643,000, with cost savings calculated as the difference between a mean word rate for human translation of "for information only" content and the machine translation word rate.

Translation cost savings vary with:

- › Volume and nature of content that is translated.
- › How long an organization has been using translation memory.
- › When it is feasible for an organization to adopt changes proposed by Translations.com project managers.
- › Fee structure negotiated with translation vendors.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$1,604,255.

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

## Translation Cost Savings: Calculation Table

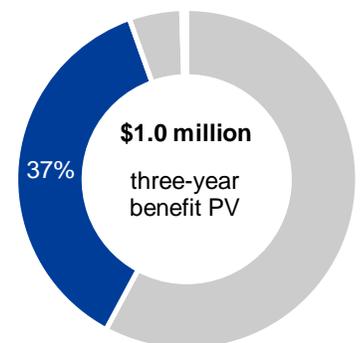
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of human-translated words		8,700,000	8,500,000	7,200,000
A2	Percentage of full match words		13.0%	6.0%	20.0%
A3	Percentage of partial match words (95%-99% matches)		6.8%	3.6%	5.0%
A4	Percentage of partial match words (85%-94% matches)		1.8%	2.0%	4.0%
A5	Percentage of partial match words (75%-84% matches)		1.4%	1.5%	2.0%
A6	Percentage of repetitions		10.0%	15.0%	14.0%
A7	Cost savings per full match word		\$0.08	\$0.09	\$0.08
A8	Cost savings per 95%-99% partial match word		\$0.06	\$0.06	\$0.06
A9	Cost savings per 85%-94% partial match word		\$0.04	\$0.04	\$0.03
A10	Cost savings per 75%-84% partial match word		\$0.02	\$0.02	\$0.01
A11	Cost savings per repetition word		\$0.08	\$0.10	\$0.07
A12	Words processed free of charge due to ICE matches				233,000
A13	Cost savings from ICE matches				\$35,000
A14	Number of machine-translated words		605,000	4,643,000	4,500,000
A15	Cost savings from machine translation		\$91,000	\$697,000	\$650,000
At	Translation cost savings	(A1*A2*A7)+ (A1*A3*A8)+ (A1*A4*A9)+ (A1*A5*A10)+ (A1*A6*A11)+ A13+A15	\$295,277	\$898,110	\$902,440
	Risk adjustment	↓5%			
Atr	Translation cost savings (risk-adjusted)		\$280,513	\$853,205	\$857,318

## Avoided Labor Costs For Translation Management

Prior to implementing the Managed Services Program, the organization had a team of eight people (including a manager) who managed translation projects. Two dedicated project managers handled large multilingual projects, and the other team members translated content and managed smaller translation projects. Now the Managed Services Program provides these project management services and related advice. One of the prior in-house project managers serves as the translation manager, acting as the internal and external point person for translations handled through the program. (Compensation for that translation manager is included in the Cost section of this case study.)

Forrester models avoided labor costs for translation management as:

- › Eight people spending on average 70% of their time managing translations, prior to the Managed Services Program.



**Avoided labor costs for translation management: 37% of total benefits**

- › One person now working full time as the translation manager (point person for the Managed Services Program).

Avoided labor costs for translation management vary with:

- › Translation management organization and practices prior to use of the Managed Services Program.
- › Prevailing compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$1,018,185.

Avoided Labor Costs For Translation Management: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Translation/translation management FTEs		8	8	8
B2	Percentage of collective time spent managing translations		70%	70%	70%
B3	Translation manager fully loaded annual compensation		\$76,960	\$76,960	\$76,960
Bt	Avoided labor costs for translation management	$B1*B2*B3$	\$430,976	\$430,976	\$430,976
	Risk adjustment	↓5%			
Btr	Avoided labor costs for translation management (risk-adjusted)		\$409,427	\$409,427	\$409,427

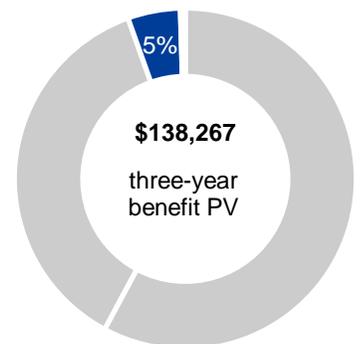
## Avoided Labor Costs For Business Review Of Translated Documents

For content that will be used externally, the organization often conducts a “business review” where an internal subject matter expert reviews and proofreads translated content. There may be a second business review if in-house clients request document revisions. Prior to the organization’s use of the Managed Services Program, business reviews were conducted offline. Reviewers would work directly in a document, annotating it or tracking changes as needed and then manually forwarding that document. Now those reviewers typically proofread and review content using a streamlined and automated online process that Translations.com’s GlobalLink suite enables. Any changes reviewers make are automatically added to the organization’s collective translation memory, continually “teaching” the machine translation engine.

As a result, the number of words reviewed per hour increased from 500 with the prior offline process to initially 800 and now 968 with the online process, a 94% increase. The number of words per hour has increased as the number of terms in brand glossaries increases, style guides are improved, and reviewers get more experience with Project Director. The number of reviews conducted online has increased as project managers educate more clients on the benefits of online review versus offline copying and pasting.

Forrester models avoided labor costs for business review of translated documents as:

- › Total business reviews each year: 238 to 415.



Avoided labor costs for business review of translated documents: **5%** of total benefits

- › Total word counts annually for reviewed documents: 1.8 million to 2.3 million.
- › Words reviewed per hour offline: 500.
- › Words reviewed per hour online: 800 to 968.

Avoided labor costs for business review of translated documents vary with:

- › Volume of business reviews handled online versus offline.
- › Maturity of brand glossaries and style guides.
- › Prevailing compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$138,267.

Avoided Labor Costs For Business Review Of Translated Documents: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Number of business reviews conducted online		238	235	415
C2	Total word count		1,810,000	2,265,000	1,800,000
C3	Words reviewed per hour offline		500	500	500
C4	Words reviewed per hour online		800	880	968
C5	Total hours needed if reviewed offline	C2/C3	3,620	4,530	3,600
C6	Total hours needed to review online	C2/C4	2,263	2,574	1,860
C7	Business reviewer time saved (hours)	C5-C6	1,358	1,956	1,740
C8	Average reviewer fully loaded hourly rate	\$72,800/2,080	\$35	\$35	\$35
Ct	Avoided labor costs for business review of translated documents	C7*C8	\$47,513	\$68,465	\$60,917
	Risk adjustment	↓5%			
Ctr	Avoided labor costs for business review of translated documents (risk-adjusted)		\$45,137	\$65,042	\$57,871

## Avoided Labor Costs For Financial Administration Of Translations

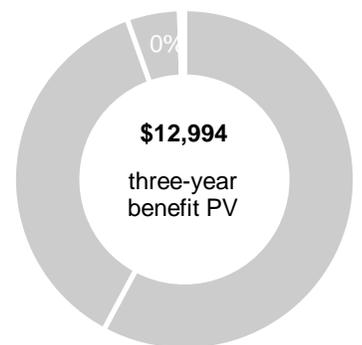
By streamlining project administration and providing online tools, the Managed Service Program saves time for a financial administrative assistant who provides translation vendors with the codes that enable a translation project to be cross-charged within the organization. Those vendors, and Translations.com, need the codes to draw up invoices. In addition, the cross-charge information is now more readily available to others within the organization.

Forrester models avoided labor costs for financial administration of translations as:

- › Administrative labor time savings of 10%

Avoided labor costs for financial administration of translations vary with:

- › Nature of previous administrative practices.



**Avoided labor costs for financial administration of translations: <1% of total benefits**

- › Scope of needed administrative support.
- › Prevailing compensation rates.

To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year risk-adjusted total PV of \$12,994.

Avoided Labor Costs For Financial Administration Of Translations: Calculation Table					
REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
D1	Number of financial administrative assistants		1	1	1
D2	Percentage of time saved		10%	10%	10%
D3	Administrative assistant fully loaded annual compensation		\$55,000	\$55,000	\$55,000
Dt	Avoided labor costs for financial administration of translations	$D1 * D2 * D3$	\$5,500	\$5,500	\$5,500
	Risk adjustment	↓5%			
Dtr	Avoided labor costs for financial administration of translations (risk-adjusted)		\$5,225	\$5,225	\$5,225

## Unquantified Benefits

The organization experience other significant benefits that are not quantified for this study:

- › **Greater focus and expertise specific to translation management, which results in operational and cost improvement.** Because Translations.com’s project managers focus solely on translation project management and can draw on Translations.com’s collective experience, they provide the organization with deep expertise and extensive insight. On an ongoing basis, Translations.com project managers identify, suggest, and help the organization implement improvements to translation operations and cut its translation costs. In addition to driving the quantified benefits described above, the Managed Services Program has brought other industry best practices to the organization, such as negotiating if word rates for new language pairs appear high, introducing vendor penalties for late delivery or unacceptable quality requiring rework, and storing all graphics and other visual assets in a centralized library for sharing with translation vendors if a subsequent translation contains the same graphics (thus saving on graphics hourly fees). A Managed Services Program project manager reviews each translation vendor quote to ensure the pricing is fair and hourly line items make sense for the scope of the project. If an agency charges less for a certain type of project than other vendors but the quality is the same, a project manager selects the more economic vendor for that project.
- › **Well-defined customized workflows aligned with the organization’s processes and preferences.** The Managed Services Program is highly customizable to accommodate each client’s specific needs. For instance, the interviewed organization prefers that repetitions and 100% matches be reviewed by its vendors, and that partial matches be separated into percentage bands so the applied discount can reflect that.

“We have dedicated project managers now, who spend their time thinking about logistics and costs instead of also trying to solve translation problems. Because they can dedicate more time to that, our efficiency can increase.”

*Translation manager*



“Translations.com has been really responsive and eager to understand how our organization works.”

*Translation manager*



- › **A comprehensive centralized view and control of all translation efforts.** Centralized project management and granular reporting on translation operations enable the organization and its Translations.com project managers to better understand and manage translations efforts. Through both qualitative and quantitative metrics on the translations process — including submissions statistics, change monitoring, and reviewer feedback — the organization can work toward set KPIs, optimize where needed, and better manage costs. Its supplier scorecards monitor service levels, process compliance, timeliness, and deliverables quality. Automated updates provide visibility into a given project's current status and life cycle.
- › **Improved translation quality, including better brand voice consistency.** Because translation efforts can be standardized globally by embedding style guides, brand glossaries, and translation memory into translation and review processes, GlobalLink improves translation quality and consistency, reduces the number of revisions and reworks, and ensures uniform brand voice in translated content.
- › **Ability to scale project manager efforts.** The organization is now better positioned to handle a spike in translations volume or decrease its project manager expenses when volume dips.
- › **Lower project management fees from translation vendors.** In addition to per-word translation fees, translation vendors charge project management fees. Because of Translations.com's automation and processes, translation vendors can spend (and charge for) fewer hours to manage each translation project. For example, vendors no longer need to manually create quotes, since their rates are pre-configured into GlobalLink and they simply add the hourly units. Most quality checks by vendors also are now automated, via Translations.com's automated quality assurance tool, TransCheck.

"We've increased consistency and managed to enforce glossary terms across the organization. That's raising the quality and making savings across the board — sometimes modest, sometimes substantial."

*Translation manager*



## Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to implement the Managed Services Program and later realize additional uses and business opportunities, including:

- › **Expanded usage of the Managed Service Program within an organization.** Although the organization does not mandate usage of the Managed Services Program, the program's adoption continues to increase as potential in-house clients learn about the comprehensive services available to them and realize that participating in shared translation memory will decrease their translation costs. The magnitude of the quantified benefits is likely to increase over time as the Managed Services Program is rolled out further within this large complex organization.
- › **Deployment of other Managed Services Program components.** As its needs evolve, the organization can readily adopt additional people, process, or technology components of the program.

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

- › **Integration of Managed Service Program technology with other internal systems.** At this time, the Translations.com software the organization uses is freestanding. Over time, the organization could use connectors available from Translations.com to integrate that software with some of its internal systems, such as adjacent project management systems, or content management systems.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

# Analysis Of Costs

## QUANTIFIED COST DATA

Total Costs							
REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Etr	Translations.com fees	\$138,600	\$651,210	\$671,160	\$660,660	\$2,121,630	\$1,781,650
Ftr	Initial and ongoing internal labor costs	\$78,038	\$98,608	\$94,758	\$94,758	\$366,164	\$317,189
	Total costs (risk-adjusted)	\$216,638	\$749,818	\$765,918	\$755,418	\$2,487,794	\$2,098,839

## Translations.com Fees

The fees for Translations.com’s Managed Services Program include initial implementation fees and ongoing fees for managed services and the GlobalLink technology used by the organization and its translation vendors. Consult with Translations.com for pricing specific to your organization when conducting your own analysis.

GlobalLink modules currently in use include:

- **Project Director** (coordinates and automates all facets of the translation workflow process).
- **Query Manager** (a collaborative query management mechanism that is fully integrated with the rest of the GlobalLink suite).
- **TransStudio Online** (an integrated web-based translation tool).
- **Review Portal** (a web-based editing tool to streamline the review process).
- **Report Portal** (provides real-time dashboards and reports customized for the needs of key stakeholders).
- **Translation Memory Server** (allows linguists and reviewers to reuse existing translated content from multiple sources and vendors).
- **Term Manager** (contains the approved key brand and industry-specific terminology for each language).

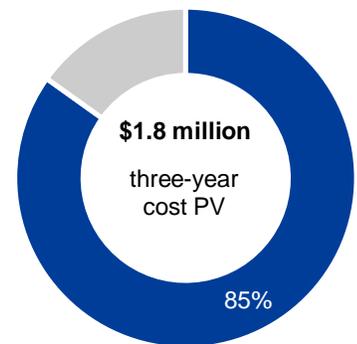
As part of implementation, Translations.com project managers documented, analyzed, and optimized the organization’s baseline processes before the automation. Translations.com now proactively manages and monitors these processes. Other Translations.com implementation services included technology hosting and UI testing and QA. Ongoing reporting delivered by the Managed Services Program online 365x24 provides a foundation for governance of the program and drives KPIs.

Forrester models Translations.com fees as:

- › Implementation fees of \$132,000.
- › Managed services fees ranging from \$541,000 to \$560,000 annually.
- › GlobalLink SaaS fees of \$79,200 annually.

Translations.com fees vary with:

The table above shows the total of all costs across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the interviewed organization expects risk-adjusted total costs to be a PV of nearly \$2.1 million.



Translations.com fees:  
**85%** of total costs

- › Scope and complexity of the implementation.
- › Number of translation vendors onboarded and supported.
- › Pre-implementation client factors (e.g., legacy systems and processes, size of vendor pool, and amount of information to be captured).
- › Client organizational structure, operating processes, and preferences.
- › Number of hours and time zones for which services are provided.
- › GlobalLink modules deployed.
- › Extent of GlobalLink customizations.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$1,781,650.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

### Translations.com Fees: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Managed services fees			\$541,000	\$560,000	\$550,000
E2	GlobalLink SaaS fees			\$79,200	\$79,200	\$79,200
E3	Implementation fees		\$132,000			
Et	Translations.com fees	E1+E2+E3	\$132,000	\$620,200	\$639,200	\$629,200
	Risk adjustment	↑5%				
Etr	Translations.com fees (risk-adjusted)		\$138,600	\$651,210	\$671,160	\$660,660

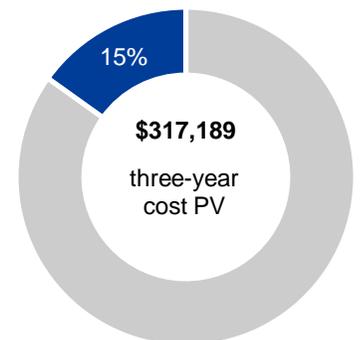
## Initial And Ongoing Internal Labor Costs

**Initial costs:** To implement the Managed Services Program, a combination of IT and operational staff spent approximately six months working within the organization and collaborating with Translations.com. Efforts included requirements definition, conducting a pilot, system configuration to meet the organization's needs, and testing. The organization's IT staff ensured a secure link between the organization and Translations.com, vetted the proposed data flows, and provided guidance on handling confidential work under the Managed Services Program. Its operational staff set up GlobalLink and communicated internally about why and how translation efforts were going to change. The translation manager spent an additional two months taking the pilot into production, doing some initial fine-tuning, and encouraging internal adoption of the new Managed Services Program.

Forrester models initial internal labor costs as:

- › A total of 40 hours from a combination of three IT staff, including risk management.
- › Six months of full-time effort plus two months of 60% time from the organization's translation manager, and 20% time for six months from three others in related operational roles (including contracting/procurement), for a total of 1,872 hours.

**Ongoing costs:** Ongoing internal labor costs include IT support, the translation manager, and end user training. The organization's IT support needs with respect to the Managed Services Program are minimal, since



Initial and ongoing internal labor costs: **15%** of total costs

Translations.com largely addresses those, but an IT staff member monitors the translation memory, ensures security of any network connections, and handles other technical considerations. As additional end users begin to use the Managed Services Program for translation needs, each spends approximately an hour reviewing instructional materials and getting familiar with the Project Director tool.

Forrester models ongoing internal labor costs as:

- › One hour weekly of an IT FTE's time.
- › One FTE serving as the translation manager, connecting the organization with the Managed Services Program team.
- › One hour of self-training for several hundred new end users each year

Initial and ongoing internal labor costs vary with:

- › Scope and complexity of the implementation.
- › Volume of end users to be trained.
- › Prevailing compensation rates.

To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year risk-adjusted total PV of \$317,189.

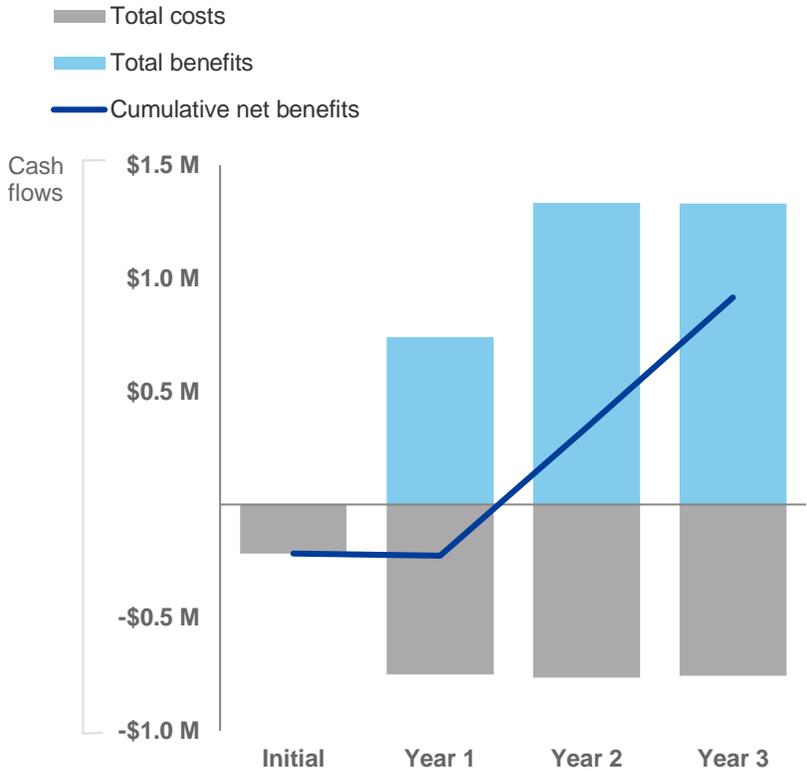
#### Initial And Ongoing Internal Labor Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	IT hours required for implementation and ongoing management		40	52	52	52
F2	IT staff fully loaded hourly rate	\$87,360/2,080	\$42	\$42	\$42	\$42
F3	Operations and translations management staff hours required for implementation		1,872			
F4	Operations and translations management staff blended fully loaded hourly rate	\$76,960/2,080	\$37			
F5	Translations management FTEs required for ongoing management			1	1	1
F6	Translations management staff fully loaded annual compensation			\$76,960	\$76,960	\$76,960
F7	End user hours spent on training			300	200	200
F8	Average end user fully loaded hourly rate	\$72,800/2,080	\$35	\$35	\$35	\$35
Ft	Initial and ongoing internal labor costs	$(F1 \cdot F2) + (F3 \cdot F4) + (F5 \cdot F6) + (F7 \cdot F8)$	\$70,944	\$89,644	\$86,144	\$86,144
	Risk adjustment	↑10%				
Ftr	Initial and ongoing internal labor costs (risk-adjusted)		\$78,038	\$98,608	\$94,758	\$94,758

# Financial Summary

## CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

### Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the interviewed organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

### Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$216,638)	(\$749,818)	(\$765,918)	(\$755,418)	(\$2,487,794)	(\$2,098,839)
Total benefits	\$0	\$740,302	\$1,332,898	\$1,329,842	\$3,403,042	\$2,773,701
Net benefits	(\$216,638)	(\$9,516)	\$566,980	\$574,423	\$915,249	\$674,862
ROI						32%
Payback period						17.0 months

# Translations.com Managed Services Program: Overview

The following information is provided by Translations.com. Forrester has not validated any claims and does not endorse Translations.com or its offerings.

## What is the Managed Services Program (MSP)?

Translations.com's Managed Services Program is designed to facilitate and streamline the delivery of language services to enterprises, as well as to provide full transparency through detailed and consolidated reporting. It involves the outsourcing of certain — or all — processes and functions, with the end goal of improving operations and cutting costs.

Translations.com's Managed Services Program is supported by GlobalLink®, a modular set of cloud-based technology products that manage multilingual content more efficiently. Designed to address a wide range of client requirements and localization user experience, GlobalLink offers multiple configuration options to drive both adoption and success across any content type or use case. With more prebuilt integrations for major CMS, eCommerce, PIM, database, and digital marketing platforms than any other solution, GlobalLink is the preferred choice for organizations that want to reduce the time, effort and cost of deploying and maintaining global content. Over 5,000 organizations worldwide currently utilize GlobalLink to drive efficiencies across their global content requirements.

In an MSP model, Translations.com functions as an in-house centralized localization department, meaning that Translations.com is fully embedded into the organization and its technology infrastructure. Translations.com either provides a complete service offering, or, in a multi-vendor environment, it manages multiple vendors on the enterprise's behalf, implementing standardization across all facets of the global content lifecycle. Translations.com handles the governance of the localization program utilizing GlobalLink and a dedicated Program Management team to support a fully centralized solution.

The Managed Services Program integrates technology, process management services, and on-demand capacity to deliver a complete scope of language services to enterprises globally. Resource capacity is dynamically adjusted to meet peaks in demand, with staff such as project managers, language quality managers and linguists able to scale in real time based on client requirements.

As part of the deployment of the Managed Services Program, the baseline processes are documented, analyzed, and optimized before the automation, and are proactively managed and monitored for the duration of the engagement.

At deployment, the services include: technology hosting, user training and support, project management, linguistic engineering, OCR, desktop publishing, UI testing and QA, quality management, supplier management, reviewer management, and language services including translating, interpreting, proofreading, and subtitling across any required use case or file format.

A key pillar of the Managed Services Program is relevant, dynamic, and flexible reporting provided through a web service 365x24 or in push mode. This provides the foundation for the governance of the program and drives key performance indicators (KPIs) for both business intelligence and business analytics.

## Why Do Organizations Outsource to Translations.com's Managed Services Program?

The main reasons enterprises utilize Translations.com's Managed Services Program are outlined within the four domains of Kaplan and Norton's Balanced Scorecard model.

### Financial Perspective

Internal processes can only optimize costs to an extent. Enterprises may look to Translations.com to take over services and/or technology that are not a core part of their business. The outsourcing of localization work utilizes resources/budgets

more optimally, as fixed costs are converted to variables. Translations.com brings industry best practices to the localization program, leading to a reduction in both internal and external costs associated with deploying and managing global content.

As localization demand grows, the governance of a multisupplier model becomes more challenging, especially if the existing suppliers are not continuously pushed to be more competitive. Translations.com helps to drive transformational change to achieve a higher level of localization maturity from the enterprise, and will therefore challenge external costs and internal processes that can be optimized.

### Customer Perspective

Service quality is enhanced when moving to an outsourced model, and Translations.com regularly evaluates its own performance based on the agreed SLAs and KPIs with a major emphasis on client experience. Furthermore, as the demand for more content in the other languages grows, enterprises may find it challenging to scale up their resources to meet the demand. There may be gaps in the existing resources' skill sets that keeps them from providing all the services that are required from the enterprise today (or in the future). Outsourcing to Translations.com's MSP model provides an organization with access to experienced industry experts who have a track record of achieving success in enterprise localization programs.

### Internal Perspective

Delegating specialized functions allows an organization access to the industry's best talents while freeing up more time, money, and other resources to focus on their core business. Outsourcing noncore business is an effective way to streamline existing processes and boost productivity.

### Learning and Growth

Companies that focus on innovation will collaborate with known leaders in their respective industries to take advantage of the leading practices and acquire the latest technologies in the industry. GlobalLink brings automation and efficiencies to the enterprise's globalization program. The outsourcing of technology hosting allows for more scalability and growth while reducing operational costs. Translations.com manages all training on the technology and provides ongoing user support to the enterprise.

## Components of Managed Services

Translations.com's Managed Services Program helps enterprise clients scale up their operations while improving the quality of service across language services operations. Translations.com creates bespoke solutions for each enterprise, after a thorough assessment of the organization. The MSP Portal is customized to the enterprise's requirements and is hosted and managed by Translations.com. The Portal components are selected on a case-by-case basis, and typically include several components from each of the three domains of people, process, and technology:

### People

#### Relationship Management

- Meeting agenda and minutes
- Quarterly business reviews
- Presentations
- Innovation projects
- Consulting

#### Resource Management

- Contracts, SLAs
- Discounts, minimum fees, currencies
- Supplier management
- Supplier selection rules
- Supplier availability
- Supplier performance
- Reviewer selection rules
- Reviewer management
- Reviewer availability
- Reviewer performance

### Process

#### Process Management

#### Financial Management

Project management  
Process optimization  
Process documents  
Workflow diagrams  
Metrics, KPIs  
Program management

#### **Quality Management**

Subject matter and language specializations  
Brand management  
Escalations management  
Review Management  
Style Guides

POs, PO absorption  
Invoice management  
Budgets, budget absorption  
Currencies  
Time sheets

#### **Communications Management**

Tasks, actions  
Tickets, queries  
Contacts, roles  
Shared calendars

### **Technology**

#### **Technology Management**

Discovery questionnaires and responses  
Deployment plans, signoffs, gates  
Assets migration  
Asset management  
Supplier and reviewer onboarding  
Training plans  
Technology hosting  
Training and support

## **How Translations.com and Its MSP Clients Partner Together for the Deployment**

The Managed Services Program deployment follows the DMAIC five phases of Six Sigma:

1. **Definition:** This includes the definition of goals, stakeholders, scope, and acceptance criteria.
2. **Measurement:** This includes data collection, stakeholder interviews, organization mapping, process mapping, and responsibilities mapping.
3. **Analysis:** This includes analysis of the outcomes of the current processes, analysis of the processes themselves with a focus on optimization opportunities, failure modes and effects analysis (FMEA), and the definition and prioritization of improvement initiatives. The components of MSP are selected in this phase.
4. **Improvement:** This includes the documentation of the improved processes, training of the participants and stakeholders involved, and deployment of the new processes.
5. **Control:** This includes the monitoring of the performance of the new processes versus the goals defined during the Definition phase, and postimplementation review.

Once the five phases are complete, the program undergoes continuous improvement measures, conducted through regular baseline mapping and global governance of the services delivered across the organization.

# Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

## Total Economic Impact Approach



**Benefits** represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.



**Costs** consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.



**Flexibility** represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.



**Risks** measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



### Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



### Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



### Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



### Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



### Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.