**Globally Speaking**

**Podcast 69 Transcript**

[**What’s in Store for the Translation Industry in 2019?**](https://www.globallyspeakingradio.com/podcast/podcast-016-whats-in-store-for-lsps-in-2017?hsLang=en)

Michael I’m Michael Stevens.

Renato I’m Renato Beninatto.

Michael And today we are having one of our favorite discussions of the year.

Renato It’s the third edition of our crystal ball 2019 forecast: what the languages services industry is going to be talking about in 2019.

Michael These are the trends we’re seeing.

 We came up with our own list. You’ll tell me yours, I’ll ask you questions and you’ll do the same for me.

Renato Let’s have a conversation.

Michael The word on the street is that this thing, blockchain—

Renato Yes.

Michael —might take off.

Renato As a topic for 2019, we’re definitely going to get tired of talking about blockchain.

Michael Everyone’s going to be talking about it.

Renato We have a very, very good podcast episode on this topic that is going to be coming up soon.

 We talked to people involved in blockchain in the language industry; we talked to an author in this space, but the comment that I would like to make about blockchain is that there is a lot of hype. It sounds like when SGML came to the industry: it’s something that everybody was talking about, but nobo dy was really doing it. So, I think that the best analysis that I heard was from Ofer Shoshan from One Hour Translations. His comment was, “Yeah, it’s like Linux, it’s like open source, it’s great, it’s community-driven, it’s peace and love, it’s everybody, there’s a culture around it, but five years from now, big corporations—IBM, Amazon—everybody will be controlling that technology.”

Michael It’s interesting to think about that in light of IBM just purchasing Red Hat. There’s money to be made in these things. The one thing I would say I see as a trend is people are really starting to examine the economics of blockchain and what it takes to keep this running. And I think in the next year there’ll be some really good research coming out on that. The energy costs, the human capital, all of the things that are going into this.

Renato That’s Bitcoin; that’s the currency part of blockchain. The underlying technology in blockchain doesn’t need to be associated with currency. It’s the ledger part of it, it’s how transactions are recorded, it’s what they call smart contracts. Those are the things that affect the language industry.

 The trend that we’re going to be definitely talking about is the shortage of talent in the language services industry as a whole.

Michael Is this conversation oriented mostly around linguistics or is it other support people?

Renato This is not a problem with the languages services industry; it’s a problem that permeates all the technology-enabled businesses. A big story is Amazon announcing their two HQ2s. One of the reasons that they cite for New York and Virginia is talent shortage. They need places where they can have talent. People who have technology skills—like in our space, AI, machine learning, computational linguists—there are very few people with those skills in the world.

Michael A number of the companies in our industry are no longer merely competing against each other for this talent, but they’re competing against the top technology companies in the world.

Renato And one of the characteristics of our space is that we are a global industry. We already have dispersed resources that are working all over the world. But you see the problem here, specifically in the United States, with the limitations on immigration that are being driven by the current administration. I was reading that the enrollment of foreign students in American universities went down by close to 7% in the 2017-2018 school year. That affects our industry in particular because it’s a natural pool of talent for the languages services industry. It’s those foreign students that get degrees in the United States, marry here, stay here, get visas to stay. That pool of resources is shrinking. So, talent shortage is a big issue.

Michael The other idea that I see as a trend is the need for linguists to be able to provide more than linguistic services, more than translation. People are expecting a person who comes with the language skills to have cultural knowledge, to have background, to be able to give some guidance into things like market entry and all of that. And in general, that’s not skills that companies who are relying on these linguists are recruiting for. So, if linguists want to distinguish themselves in the industry—we talked a lot about technical knowledge and AI and some of those areas—just being more broadly aware and knowledgeable about what’s happening culturally and how to speak to that in a business language to clients, to buyers of localization, is important.

Renato This point is a very, very good point, Michael, because the fear that permeates the industry is this fear of replacement by artificial intelligence. The areas where artificial intelligence cannot replace the human are those areas that require situational knowledge and empathy. So, soft skills: this ability to put things into context, the ability to communicate beyond the words.

Michael A very specific example is: companies will have the data as to why customers drop off at certain points in their app. And they may see trends in a country. That doesn’t mean they know *why* the person is dropping off. The linguist who has been working on their product or their app is the first and most natural person to say, “Hey, we’re seeing that all these people drop off right before this page. What’s going on here? Is it a language thing? Is it a cultural thing? And that is going to be very, very valuable knowledge and insight.

Renato I heard a story the other day about a company that launched an app in Africa and they localized it to the local language, and they realized that people were using the technology on their desktops but they were not using it on their smart phones, so they weren’t using the app. A translator alerted them to the fact that when you press the button to sign up for the service on the app, it would take you into a loop and people just dropped it. It was word-of-mouth—everybody knew that it didn’t work so nobody signed up for it again—but that information didn’t get back up to the organization until the translator flagged it.

Michael Your turn.

Renato I think that 2018 might be seen as the year of mergers and acquisitions for LSPs. There was an incredible amount of acquisitions happening. The company where you work, our sponsor, bought Moravia, SDL acquired Donnelley. The big acquisitions happened. There is a lot of demand for M&A still pent up and it think there’s going to be some activity picking up again in 2019, but it’s not going to be as strong as it was in 2018 because there’s nobody else left to buy.

Michael What do you think about companies in the localization industry going public? Do you think we’ll see that in 2019?

Renato In the United States, no. All the public companies that we have in the industry now are outside of the United States. They’re in the UK; you have RWS, SDL and Keywords in the UK. You had an IPO for Straker in Australia that made several acquisitions, also. Lionbridge was the big public company in the market and they went private because there is no incentive. The kind of regulations around publicly traded companies in the United States is quite daunting, so the trend is actually quite the opposite: public companies going private more than private companies going public. I don’t hear the rumors or notice anything happening in that space.

Michael No, it seems they’re much more active for M&A private equity. Those are the places where there seems to be a lot more movement in the industry.

 One thing I see from the client side that I think is very good news for our industry: it’s the effect of non-western companies on software development. That is, you’re seeing less companies come out with one specialized product that they have. Out of the gate, companies are moving faster and faster to create a platform effect, to create multiple ways that whatever they’re creating can be used. The best example I think globally of this is WeChat.

 WeChat is like a Swiss Army Knife: it does whatever you want it to do. It’s not just an instant messaging platform. Very quickly, it was all about integrations and how many things can you get processed with this platform. And some of the more unique companies that I see coming up and getting funding now are that type. Some of the big ones are obvious. You look at Uber. Yeah, Uber is about rideshare, but are they also about autonomous driving? They’re probably both. The other transportation companies that are in this space, they’re not just thinking about the one scooter that they’re introducing, but they’re thinking about multiple products, multiple platforms, how can we get as much market share…

Renato This multi-modal approach for transportation: you take the bus then you take the scooter, then you take the car.

Michael As far as content being created: new products, new content, new marketing, all of these things mean more and more words out there in our space that need to be translated, localized, transcreated. New editors need to be working on things.

Renato Everything is marketing, right? The most compelling area in business is the marketing space because marketing now is not so much about trying to get people to buy your product, but it’s about changing behaviors, changing attitudes, changing the way we look at things and the way we change the mix of products that we buy. This is great for the language services industry because marketing is the area that pays better.

 So, my turn?

Michael Your turn.

Renato AI and machine learning in the last two years are aspirational topics. In 2019, we’re going to start seeing these elements of technology more incorporated into the day-to-day activities of translation companies and translation buyers.

 It’s going from the realm of possibility to the realm of actuality. Products that we use in our day-to-day activities incorporate that. Most people don’t know that they can search their pictures on their cell phones by topic. If you write ‘dog,’ in your photos, and you never tagged, artificial intelligence and neural processing will identify all the dogs in your pictures. And that is something that you carry in your pocket and you don’t even realize that you have that power of artificial intelligence in your hands.

Michael You’re seeing the banking industry, the insurance industry, making really huge strides because they have so much data related to their customers, and it’s a manual process of why someone should qualify for a loan or why someone should qualify for a mortgage, and AI is really helpful there because they can pull in all of this.

Renato Imagine SDL has a complete suite of tools. They’re coming up with predictive translation memory like Lilt.

Michael You see so many companies coming up in that space and some of them very specialized on content; like, we do AI for job ads.

Renato Even in the day-to-day, I’m sure that companies like Memsource and MemoQ and XTM are using the power of information in the cloud, getting access to the big data that they have. These companies are processing billions of words a day and they can provide insights to LSPs or final clients about their technology. And, machine learning is not new technology. It’s something that has been around for a long, long time. It’s just the application became easier because of computing capacity and the cloud.

Michael I think we’ll see in the area of being able to compare when something is translated, what’s the likelihood that it’s going to be changed by a quality assurance person.

 There’s data and you could just say, “hey, this string is more likely or less likely to be changed later on.”

Renato Absolutely, yeah, yeah.

Michael And that can be helpful technology that grows from there.

Renato Machine learning will have an important role in predicting and also creating teams of translators and editors to work together.

Michael I see 2019 being a very good year for our industry.

Renato I couldn’t agree more. This is an industry that is impervious to crisis. I don’t see any crisis looming. Even if there is one, I always say when the economy is good, we translate contracts, when the economy is bad, we translate lawsuits. There are always two sides to the business and we can serve both of them.

Michael Best of luck to those who are listening in 2019 and we’ll be checking back in to see which of these trends became more of a reality.

Renato See you next time.

**End of conversation**