



GeekSpeak

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The Sky is Falling, the Sky is Falling!

The GeekSpeak column has two goals: to inform the community about technological advances and at the same time encourage the use and appreciation of technology among translation professionals. Jost also publishes a free technical newsletter for translators (www.internationalwriters.com/toolkit).

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It was the only thing that Asterix's Gauls were always afraid of, or, in the American (localized) version, that gave Chicken Little nightmares ("The sky is falling, the sky is falling!"), and it happened to us on Monday, February 11, 2008: SDL bought Idiom.

No big deal, you say? I think it is the biggest deal *ever* in the translation tools industry, even bigger than SDL's purchase of Trados two and a half years ago. Really.

In past editions of my online *Tool Kit* newsletter, I wrote only one large feature article about Idiom WorldServer, but I often mentioned it as a real and sensible alternative for translation buyers or, in the past couple of years, language service providers (LSPs). And I continually praised it as one of the few companies that creatively and ingeniously took up the challenge posed when one of the largest service and tool providers (SDL) gobbled up the largest tool provider (Trados).

No big deal? Check with one of those companies who migrated from Trados to Idiom WorldServer in the past couple of years. They think it is a big deal. And they are not too happy about it.

What is Idiom, Anyway?

Let's first see what Idiom is, what its product, Idiom WorldServer, does, and why SDL felt that it would fit well with its other tools (SDLX, Trados, Tridion, and Passolo in their various incarnations).

When Idiom entered the market in 1998 at the height of the dot-com boom, it seemed to be the perfect solution for large corporations. It not

only provided a translation memory/terminology management solution, but also a tool to manage the workflow of the many files that were being processed in 150+ languages. (Remember the huge bundles of cash that were just waiting to be spent for those languages back then?) At the same time, Idiom provided an interface to translators and LSPs.

Of course, you know what happened: the bubble burst, the cash was gone, and like most everyone else,

translation memory and terminology databases, and quality assurance tools.

But then, after the SDL-Trados deal was announced, Idiom's management came up with a wickedly good idea: the tool was too costly for LSPs to purchase, so why not give it away to language service providers? That way, LSPs could use it for their own translation needs (and replace the LSP editions of Trados and SDLX) and, while they were at it, introduce it to the large corporate translation buyers

Is it possible for an independent software maker that offers enterprise-level translation/globalization software to be profitable?

Idiom was hurting mightily. However, they (and their investors) stuck with it. They revamped their translation memory engine and their translation editor (using some of Déjà Vu's technologies), had a management shake-up, and were able to deliver new versions and features for their increasingly complex product at an astonishing rate. They were also known for a customer-centric approach: they had regular and often very productive user meetings on a relatively large scale that often resulted in new features in the next version of the product.

Idiom's Strategy

Idiom's clients were very large corporate translation buyers who wanted to be in control of their translations. Through Idiom, these clients could provide their LSPs (and, in turn, the LSPs would provide their translators) with ready access to the translatable files, connectivity to the underlying

who could then potentially become paying Idiom customers.

Thus, the LSP Advantage Program was born and became the desired program for mid-sized and larger LSPs. But mind you, not all who wanted in were accepted. Idiom WorldServer is a complex tool, so only those that were deemed technologically up-to-par were accepted. Once you were part of the partner program, you had to pay an annual support fee, but nothing that would break the bank. And to make sure that the tool became more suitable to LSPs, Idiom hired Peter Reynolds, a well-known and highly regarded industry veteran, to head up the LSP program. I remember the disbelief in the faces of conference attendees at an LSP conference I attended with some Idiom representatives who introduced the program. It just sounded too good to be true.

Alongside a number of interesting and promising partnerships that were

introduced in the past couple of years—including one to machine translation supplier Language Weaver—the last program that Idiom introduced was an SaaS (Software as a Service) offering that allowed users to use the software as a service, circumventing onsite installation and maintenance. This was also a good and timely move.

The New Deal

And then came February 11, 2008. If people tell you that they saw this particular acquisition coming—do not believe them. People at Idiom them-

globalization software to be profitable? Or is it inevitable that they will eventually be gobbled up by a company that will continue to sell the tools while also using it for their own service and marketing purposes?

And let's face it, for SDL, the acquisition seems to be a very consistent move. True, I think they will be faced with an immediate exodus of some of Idiom's (prospective) users, and will once again have to deal with the same old questions that they still remember—and have yet to answer—from the Trados acquisition (“Why would I buy a product from a competitor?”). However,

high-end corporate tool through the dot-com bust to embracing a whole new market and offering a whole new distribution model. There is no doubt that this costs money. And there is also no doubt that some of Idiom's ups and downs could be avoided by a new(er) kid on the block.

Also, Idiom was heavily funded by investment capital. This does not have to be a problem, but it also does not exactly make you truly independent to make all your decisions the way you would like to. One tool vendor I spoke with today asked: “What do I say to my clients when they say: ‘What makes you any different from Idiom?’” I am not sure that I have a completely valid answer to that, but true independence may be one.

SDL's purchase of Idiom is most likely the biggest deal ever in the translation tools industry.

selves were completely surprised—and a good number of them were let go. (That is one of the positive aspects of the deal: there are some very capable folks in the labor market right now!)

On the day SDL announced its purchase of Idiom, I talked with Keith Laska, head of the technology division of SDL. I am not sure that he really appreciated my initial response (after he finally got a chance to talk, he asked: “So what do you REALLY think?”). However, he had one rather sobering and, I thought, well-considered observation: if you look at the announcement of the acquisition, you will see that SDL not only paid the purchase price, but also assumed a fair amount of debt.

So here is the question that naturally presents itself: Is it possible for an independent software maker that offers enterprise-level translation/

there is no doubt that SDL has now assembled a formidable array of tools, even for an LSP giant (the others have already responded—for instance, see Translations.com's news release at www.translations.com/about/news/pr/pr_080211.html). In addition, SDL will have tremendous opportunities to sell more of its services to some of the large corporate Idiom users. (And it cannot hurt to have most of your service competitors using your tools and being at your mercy as to what features you make available to them.)

No Way Out?

Let's come back to the question of whether it really is inevitable for providers of Idiom WorldServer-like products not to be profitable. I am not a financial expert, but I am pretty sure it is not a foregone conclusion. Idiom has gone through a unique evolution from

And Now?

Here is what I wrote after the Trados acquisition in 2005:

At first sight, the purchase of Trados by SDL does not seem to be a particularly positive move for the industry. It has been good to see SDL successfully challenging Trados over the past few years, both in terms of increasing the market share of SDL's products and in pushing Trados to continue its own development. What is now left of that once-competitive environment is a quasi-monopoly scenario that would probably cause economists to shudder.

But (...) I hope that one or even several of the remaining smaller vendors will use this situation to position themselves as the alternative solution—in much the same way that SDLX was able to do a few years ago. For instance, I could imagine that some of the larger multi-language vendors who have been working with Trados ➡

would feel encouraged to take a second look at the remaining tools and promote some development there.

This rings pretty true as we look back now at the Trados deal, and it rings true with this acquisition as well, doesn't it? Last time it was Idiom that answered the challenge. This time it will be someone else. I would not be surprised if that new challenger were one of the well-suited tools that advertises in my newsletter, or, just as likely, a set of tools.

But challengers there must be. If not, our industry will go through some unfortunate changes. Language technology that caters to large corporate translation buyers would be in the hands of a very few, very large LSPs, and the mid-sized LSP market would essentially be cut out, leaving the smaller clients to the smaller LSPs. I do not want this to happen and I think that (almost) everyone else in the industry would agree. I do not mind large LSPs. They are equipped to do many jobs that only they can do. But

the majority of jobs can be done by service providers large and small(er). We need that diversity to keep our market healthy.

That is why this is such a big deal.

And here is the good news at the end for the little guys: Asterix and Chicken Little both eventually learned that the sky was not going to fall. The apocalypse was averted, for a time. I am convinced that this will hold true here as well.

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