

White paper

Translation Management System builds a better business case

How to deliver rapid ROI from Translation Management

Summary

How to deliver rapid ROI from Translation Management

Despite the technological advances of recent years, too many localization tasks are still performed by human beings. Many Globalization Management Systems have attempted to address this situation but have not delivered the promised ROI because of high implementation costs, lack of integration and poor levels of automation. Newer translation management systems overcome these shortcomings and eliminate unnecessary human intervention to save significant time and money without sacrificing quality.

This white paper describes a typical Translation Management System implementation and demonstrates how the most important localization cost factors can be reduced by automation. Examining current localization processes, we lead you through the steps required to build a compelling business case: quantifying realistic cost savings, estimating plausible implementation costs and developing achievable return on investment (ROI) scenarios. Apply these tools and strategies to your own company, and explore how much you can benefit from implementing Translation Management System.

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1 The business case

Market pressures are pushing localization teams to produce localized content in less time and for less money, without sacrificing quality. Organizations are now looking at how to optimize localization processes to deliver the next round of savings. Globalization Management Systems (GMS) have promised to save time and money by automating much of the manual work related to creating and managing multilingual content.

The reality in many cases has been very different. High software license costs, long and complex implementations, lack of integration with other translation technologies and limited process automation have led to little or no ROI. This paper examines the business processes involved in translation of all types of business content and demonstrates how a Translation Management System (TMS) can overcome these shortcomings and rapidly deliver substantial ROI.

1.1 The opportunity

The end-to-end localization process consists of many different tasks, but they fall into just two broad categories: translation and transaction.

Translation activities include all linguistic tasks related to the actual rendering of source words into target languages: translate, edit, proof and review. Industry-standard Translation Memory (TM) and Computer Assisted Translation (CAT) tools automate repetitive translation tasks to reduce translation cost and time.

Transaction activities include project management and coordination for source content and any other manipulation on its way through the entire localization process. As content becomes more modular, updates more frequent and the end-to-end process more complex, transaction costs consume more and more of the project budget. In many scenarios these costs are actually higher than translation costs! Without translation management technology, there is no effective way to significantly reduce transaction costs.

1.2 Automating the process

Translation management technology automatically performs transactions at a fraction of the cost and time required by a human being. Translation Management System detects new or modified content, initiates a translation job, provides cost analysis, routes the content through

defined workflows, applies translation memory and terminology centrally, facilitates translation review and approval, manages shared assets and returns finished translations to the proper location. Human resources are freed from repetitive, non-productive labor and can be redeployed to more productive and strategic tasks.

A specialized consultant analyzes and optimizes existing workflows and creates the workflow rules, user roles, views, reports and integration points that are used to process the source material. Once these are in place, Translation Management System manages all content types and languages itself. Minimal maintenance and incremental process enhancements keep the system aligned with changing business requirements.

1.3 Potential cost savings

Companies with large localization expenditures quickly recoup implementation costs and achieve ongoing savings when transaction costs are a significant portion of the total budget. Correctly estimating hard and soft cost savings, such as improved quality and reduced rework, is crucial to constructing an accurate and compelling business case.

In addition to easily-quantifiable cost reductions, implementing Translation Management System brings many other benefits. Best practices are enforced by a scalable system that can apply a proven process to new languages and markets with little incremental effort. Previously hidden costs become visible and manageable.

2 Translation Management System

Translation Management System manages the process of translating original language content into one or more target languages and delivering the approved translations back into SDL Tridion R5™. It administers all aspects of this process. All human stakeholders have defined roles and tasks in this secure, online environment. The system automatically manages the interaction between the various human and software-generated tasks based on user-specified workflow rules. The goal is to automate as much of the manual work as possible that is involved in creating and managing multilingual content.

This workflow framework offers a dramatic improvement over traditional localization processes. It eliminates many of the traditional delays and disruptions of localization management. TMS uses a Web-based interface that is accessible from any Internet-connected computer.

2.1 Functionality

TMS includes the following functionality:

Change Detection Content that is ready for translation is sent from R5 to TMS. This can either be done through a user imitated action or through an automated event such as a workflow. The content is automatically checked out, so no changes can be applied while the translation is taking place.

Content extraction and packaging Changed or new content is automatically extracted from R5 and sent to TMS. Business rules define into which languages, and to what depth, each category of content is to be translated. Some sample categories are: press release, general Web site, support Web site, online help. Categories can be more detailed such as Product Group A/Language Group C/Product Datasheet.

Content analysis, TM management, job costing and scheduling The master Translation Memory (TM) is used to analyze all files, however small. Negotiated pricing and volume-based turnaround times are applied to the analysis results. A price quotation and timeline are created and sent to the localization coordinator by e-mail.

Customizable workflows Workflows can be defined to accommodate a wide variety of scenarios. Administrators and project managers generate workflows that comply with their

business rules and are suitable for the type of content and languages they are translating into. Throughout the workflow, participants are notified by e-mail when they have new work in the system. This ensures that no delays occur during the translation process.

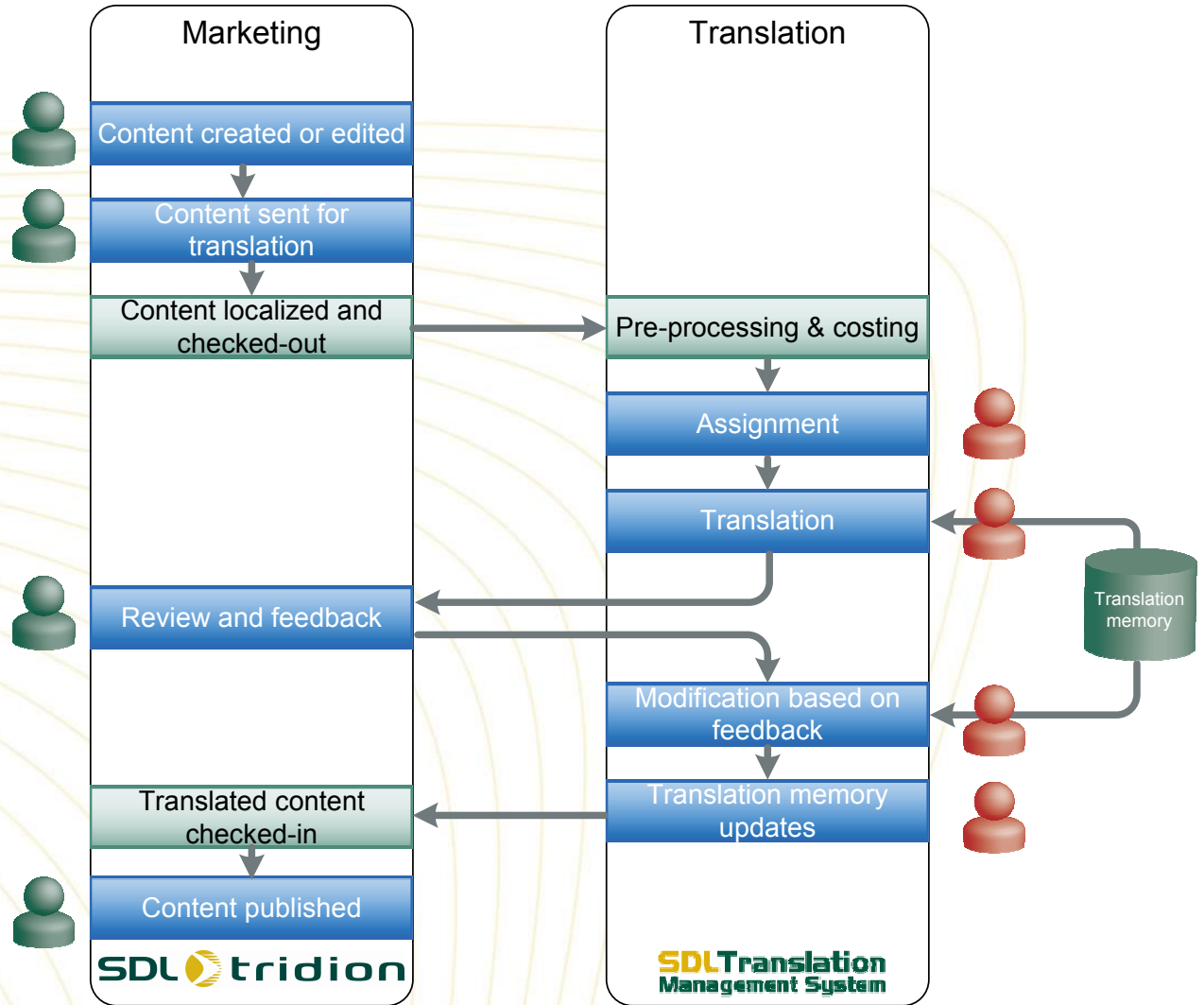
Online and offline translation tools The appropriate translators are notified automatically, and they log in to the system and translate content either online or offline. Translator queries are tracked through the system; the answers are distributed to all translators.

Facilitated translation review Designated reviewers receive notification when translation is ready for review and log in to the system to review translation in context. They add their comments or corrections at the segment, job or project level and the files are returned to the translator for verification and implementation.

TM management When review is complete, the master TM is automatically updated with the approved translations.

Content delivery and reintegration At the end of the localization process, the Translation Management System restores the original content format and returns the translations to R5.

Metrics and reporting Many metrics can be tracked: word counts, leverage against TM, volume per language and content type, deadline compliance, costs, workload, quality compliance. Metrics are presented in both standard and custom reports, such as Job Status, Jobs Overdue, Average Translation Cost, All Invoices, Project Manager Tracking Sheet, Translation Memory Savings and Translation Summary by Language.



A typical translation workflow managed by a Translation Management System

2.2 Measurable benefits

Implementing TMS can help companies reduce localization costs, reduce time to market and improve translation quality. Translation memory is applied centrally to all projects regardless of size. This improves leveraging and translation consistency (quality) and reduces translation costs and time.

Transactions on both the localization vendor and the customer side are automated, reducing management and overhead costs and time for all parties. The most significant cost and time reductions are achieved in this area.

Human errors, miscommunications, lag time between steps and inconsistent processes are all avoided. Best practices are enforced to reduce other costs and wasted time. These cost reduction opportunities can be very significant, but are often overlooked when evaluating the benefits of TMS.

2.3 Strategic business advantages

New strategic business advantages result from the improved processes and infrastructure developed during the implementation of TMS. The global process scales well to new markets and languages. Planning and budgeting become more efficient and accurate. Other divisions within the same company can easily join the system and take advantage of the savings because they can leverage existing translation assets and will not be paying again for content that has already been translated.

Enhanced cooperation between corporate headquarters and in-country business units helps companies balance centralized and decentralized responsibilities. Improved reporting capabilities enable strategic users to understand global content costs and trends, quickly identify problems, target areas for improvement and win more time to focus on new strategic initiatives and programs.

3 Types of localization costs

All localization costs fall into one of three categories: translation (linguistic), transaction (management and administration) and other (avoidable costs and opportunity costs associated with reduced efficiency, such as lost revenue). Automation can help reduce costs in all three areas for both the company and its localization vendor. Thus, implementing Translation Management System (TMS) can reduce the total cost of localization, not just the more visible, outsourced costs.

3.1 Translation (linguistic) costs

Most translations are produced by highly-qualified, well-paid human beings. Their fees are traditionally calculated on a per-word basis: the more words, the higher the cost. The best way to reduce translation costs is to reduce the number of new words that humans need to translate. Five strategies help achieve this goal:

BluePrinting BluePrinting is R5's core technology that helps translation of content through an inheritance mechanism. Individual content items that are created in a parent Web site can be inherited by child Web sites. In these child Web sites they can be localized and translated.

Translation Memory tools As the translator works through the material, a translation memory application captures segments of text and their translations in a database. A segment is usually a phrase or sentence. The next time the same or a similar segment is encountered, the TM software offers the already-translated segment to the translator. Thus, the tool reduces the number of new words that need to be translated. Over time companies build up translation memories containing all their published material.

Terminology Management Terminology Management tools store key terminology in a centralized database. Terminology is clearly defined with a single, approved translation maintained in each language. This speeds up the translation process and improves the quality and consistency of translations. Tight integration with Translation Memory tools further improves productivity.

Automated Translation In some circumstances, the translation of new words can be automated. This requires the right type of source content as well as the tight integration of

software and services that are provided by knowledge-based translation (KbT). The output quality is then sufficient for skilled post-editors to complete the task, typically in less than one third of the time and at less than half the cost of human translation.

Controlled Authoring Translator throughput is also affected by the quality of the source materials. Controlled authoring environments enforce best writing practices and generate more predictable content. Automation technologies work more efficiently with predictable content, which further reduces the number of new words.

Reducing translation costs is not the topic of this white paper, but the tools are mentioned here because the tight integration of all translation technologies within TMS is a key factor in achieving faster implementation, more efficient processing and faster ROI.

3.2 Transaction costs

All transactions consume time and contribute to project overhead costs. TMS automates these transactions. Human resources are freed up and costs reduced in both the company and the localization-vendor organizations.

On the Company Side

A project manager would need to perform the following tasks:

- Identify content to be translated
- Extract content to be translated from the content management system
- Put content into a format suitable for delivery for translation
- Write instructions for the benefit of the translator or localization vendor
- Assemble a Localization Kit for the translator or localization vendor
- Deliver Localization Kit to localization vendor (CD, email, FTP)
- Verify that the localization vendor has received the Localization Kit
- Receive a quote and negotiate pricing with localization vendor
- Agree to a delivery schedule with localization vendor
- Obtain internal approval and authorize localization vendor to proceed
- Track delivery of translated content against agreed schedule
- Coordinate review and amendment cycle
- Receive completed translation from localization vendor
- Return final translations to the correct locations

- Perform a final QA of staged content

On the Localization Vendor Side

Although the localization vendor incurs these costs, the customer normally pays for them in the form of Project Management, Project Setup or Translation Memory Management fees. For most projects a project coordinator would need to perform the following tasks:

- Acknowledge translation request from customer
- Create new translation project
- Analyze materials
- Apply Translation Memory and determine costs
- Send quote to customer
- Notify translators and confirm their availability
- Start project after customer authorizes
- Convert files into appropriate format for translation
- Run scripts, macros as necessary
- Distribute files to translators
- Track delivery of translated content against schedule
- Manage translator queries and feed back to customer for input
- Distribute customer feedback to translators
- Convert translated materials back into original format
- Send translations to customer for reviewer input
- Update Translation Memory after customer review and amendments cycle
- Close project
- Initiate invoice cycle

3.3 Other costs

Other costs associated with localization may be classified as avoidable costs and the cost of lost or delayed revenue. Such costs are difficult to quantify in general, but should be part of the business case. A typical example could be as simple as a recent customer incident where an avoidable delay, miscommunication or error cost the company money or goodwill.

Avoidable Costs

- Cost of poor-quality translations due to lack of properly managed translation memory

- Cost of miscommunication or careless errors on routine work performed by humans
- Cost of time delays between transactions or lag time between handoffs
- Cost of not having a well-defined, predictable process that enforces best practices
- Cost of parallel and redundant infrastructure and activities in different divisions of the same company
- Cost of staff burnout caused by managing the existing, manual processes
- Cost of not having of a systematic audit trail
- Cost of documenting existing manual processes, and a steeper, longer learning curve for new employees
- Cost of lost productivity due to highly-trained employees performing manual and repetitive tasks, which reduces the volume of content that can be translated

Lost or Delayed Revenue Opportunities

- Cost of lost or delayed foreign revenue from new programs and initiatives
- Cost of not being able to simultaneously ship products
- Cost of lost revenue from not being able to deliver new programs or initiatives quickly
- Cost of delayed time to deliver localized support content, which could impact customer service, damage global brand and reputation and hinder future sales in that market

3.4 Cost factors most favorably affected by automation

Several factors determine how much can be saved through automation. The more these factors come into play, the more can be saved.

Source material characteristics

- **Is the content new or is this an update to existing material?** New material usually has less corresponding segments in translation memory than updated, existing material. When large parts of the document are taken over verbatim from earlier material that has already been translated, the result is maximum leveraging and minimum cost.
- **Is the source material technical, or is it marketing material?** Technical pieces such as product specifications and user instructions have many repetitive elements that increase the efficiency of TM and KbT tools. Pieces relying on colloquial language and emotional appeal, such as advertising and marketing materials, benefit less from this aspect of automation (but may benefit more from other factors, such as volume of files and frequency of changes).

- **Is the source material structured or free form?** Structured material uses flags, tags, field names and metadata descriptions to provide detailed information about each unit of text to be translated. With ambiguity reduced, automated solutions become more powerful.
- **Is the source material clearly written?** A clear, concise writing style with consistent use of technical terms supports the automation effort. Best writing practices are enforced with style guides and terminology management.

Project characteristics

- **Is the volume of words high or low?** A high volume of words implies increased savings through automation. Whether from a few large projects or a steady stream of smaller ones, the rule is: the more words to manipulate, the more potential for cost savings.
- **Are there several language pairs?** Each additional language pair geometrically increases the cost savings achieved by automated transaction and linguistic processing.
- **Are there many or few changes anticipated during the project?** After material has entered the localization process, changes to the source material must be managed and retrofitted back into the translations in progress. This is a costly business because each change must also go through the entire process. Automation reduces these costs accordingly and can ensure that only the changed text segments require new translations.
- **Are there many files involved?** Each file must be handed off, tracked, opened, manipulated and closed. Increasing the number of files increases the number of transactions. Automation is particularly powerful in scenarios having large numbers of files.
- **Can the process be defined in orderly stages?** Repetitive and clearly-definable elements are process building blocks that support automation through defined workflows. Ad hoc and unstructured, haphazard scenarios are less well-suited, although a translation management system can help to bring more structured processes into play.
- **Will the source material be updated frequently?** One-off type projects benefit less from automation. However, materials that are regularly updated over a period of time benefit greatly from leveraging and from process automation. In general, the value of automation increases as the number of projects increases, because each project (large or small) contains overhead in the form of the previously-described transaction costs.
- **Are there custom processing requirements?** Predictable, non-translation tasks such as replacing language codes in a translated file are well-suited for automation. Such tasks often involve careful, time-consuming work that can be error prone and increases significantly with the number of languages required. Custom processing requirements have good potential for cost savings and for improving translation quality.

4 Quantifying cost savings

The potential for ROI increases as the volume of translation, the number of target languages, the frequency of updates and the ability to manage the process using predefined workflows increase. The primary contributions to ROI come from improved leveraging of previous translations and saved user time. Additional indirect cost savings may also be realized.

4.1 Sample company Matrafa

Matrafa manufactures and distributes electronic test equipment throughout the Americas, Europe and Asia. The company maintains an extensive Web site containing support information for distributors and customers. Support bulletins, product datasheets, technical briefs, press releases and updates to existing product documentation are posted on a regular basis in all nine of the company's standard languages. Most content is authored in English, though German and Japanese documents are also translated into the other eight languages and posted.

Content is stored in R5. Individual content items are checked out of the system for updating. New or updated pieces are checked in once they have been approved by the corporate communications department. In a given month, approximately 20,000 words are translated. The content is very modular and is submitted in small batches on an as-needed basis with up to 40 submissions per month. Matrafa's annual localization budget for the outsourced portion of these ongoing projects is approximately \$650,000, including all services and project management costs.

4.2 Quantify reduced translation costs from improved TM leveraging

Matrafa estimates leveraging Before implementing Translation Management System, TM leveraging opportunities were lost due to the following reasons:

- TM was not managed centrally, so not all TM was available for all projects
- TM was not always utilized on smaller projects due to lack of time or resources
- TM was not always up-to-date with the latest translations.

Leveraging efficiency averaged about 10% exact matches and 15% fuzzy matches.

After the TMS implementation, leveraging improved due to the following reasons:

- TM is managed centrally with the entire TM applied to each project
- TM is applied to all projects automatically, even small ones
- The TM is always up-to-date.

Leveraging efficiency increased to 20% exact matches and 30% fuzzy matches.

Where did the increased leveraging come from? For Matrafa, each of three product groups maintained their own translation memories, which were not shared on a regular basis. Once the separate memories were combined and managed centrally, the number of segments available for leveraging more than doubled. Many of the small projects had less than 1000 words and were on very tight timelines so TM was not even applied to these projects.

How much did Matrafa save per month on translation costs?

Monthly cost before TMS implementation

Type of Leveraging	Percent	Cost per word	Words	Languages	Subtotal	Total
New words	75%	\$0.21	20000	9	\$28,350	
Fuzzy match	15%	\$0.13	20000	9	\$3,510	
Exact match	10%	\$0.06	20000	9	\$1,080	\$32,940

Monthly cost after TMS implementation

Type of Leveraging	Percent	Cost per word	Words	Languages	Subtotal	Total
New words	50%	\$0.21	20000	9	\$18,900	
Fuzzy match	30%	\$0.13	20000	9	\$7,020	
Exact match	20%	\$0.06	20000	9	\$2,160	\$28,080
Monthly savings: \$4,860						
Yearly savings: \$58,320 (15% of total translation costs)						

How to estimate the potential increase in leveraging efficiency

Total cost reductions due to increased leveraging efficiency typically run in the 5% to 25% range. In the example, Matrafa achieved about a 15% reduction.

To estimate cost reductions for a Translation Management System business case, assume a 4-6% cost reduction per factor that will be improved by the implementation. The most crucial factors for the business case are:

- TM not managed centrally
- TM not always utilized on smaller projects
- TM not always up-to-date with the latest translations

Quantify saved user time from transaction automation

Before implementing TMS, all content handling, retrievals, exchanges and transfers were performed manually by the localization coordinator, engineer, client reviewer or technical writer. The many small files generated a lot of overhead compared to actual words translated. After the TMS implementation, these overhead transactions are streamlined or disappear completely.

The table summarizes a simplified end-to-end process for the sample project. The numbers represent the aggregated times for each activity in minutes during one month. Participants on the client side are: localization coordinator (LC), marketing writer (MW), client reviewer (CR). Participants on the localization vendor side are: project coordinator (PC), translator (TR), editor (ED).

Step	Task	Before Implementation		After Implementation	
		Category	Time (min.)	Category	Time (min.)
1	MW, LC identify new or updated content	Manual	280	Automatic	0
2	MW, LC extract and package content for translation, write instructions including glossary, previous translations	Manual	320	Automatic	0
3	LC routes content to PC via CD, email or FTP; PC confirms receipt via email	Manual	400	Automatic	0
4	PC processes files to TM-ready and translatable format	Manual	480	Automatic	40
5	PC applies TM and calculates matching	Manual	400	Automatic	40
6	PC estimates size and cost of translatable assets, prepares and sends price quotation	Manual	600	Automatic	40
7	LC negotiates scope, pricing, gets internal approval and notifies PC to proceed	Manual	800	Automatic	40
8	PC writes instructions, sends out project to translators, confirms receipt and deadlines	Manual	520	Automatic	0
9	TR performs translation in each language, forwards to ED	Manual		Facilitated	
10	ED performs review in each language, forwards to PC	Manual		Facilitated	
11	PC processes translated files for client review (validation) into editable format	Manual	600	Automatic	80

12	PC sends out translated files to CR for each language, confirms receipt and deadline	Manual	600	Automatic	80
13	CR reviews translated files and inserts corrections	Manual		Facilitated	
14	CR sends back corrected files to PC	Manual	200	Automatic	200
15	TR reviews and accepts/rejects corrections in final files	Manual	800	Automatic	600
16	PC updates Translation Memories	Manual	800	Automatic	200
17	PC converts translated content to original format	Manual	600	Automatic	200
18	PC delivers files to LC via CD, email or FTP	Manual	520	Automatic	200
19	LC publishes content to site or into content repository	Manual	1000	Automatic	200
20	PC initiates invoice cycle and closes project	Manual	600	Automatic	200
Total Minutes			9520		2120
Total Hours (rounded)			159		35

Assume a loaded average hourly cost per employee of \$50.

Monthly spend before: \$7,950

Monthly spend after: \$1,750

Total monthly savings: \$6,200

Total annual savings: \$74,400 (78% of total transaction costs)

How to estimate potential transaction time saved

Total cost reductions due to transaction automation typically run in the 60% to 85% range. In the example, Matrafa achieved about a 78% reduction.

A realistic business case must follow content all the way from where it initially resides as source material to where the final, approved translations will be stored. Examine each task along the way and quantify the time needed to perform it. Then compare this data to time estimates for the same tasks managed automatically. Some consultation with the system provider may be necessary here, since the degree of automation possible varies by company situation. A preliminary business case, however, may be constructed by applying a 60% to 85% reduction to the total time recorded for the current process.

Quantify Other Reduced Costs

Other costs reduced by automation fall into one of two categories: time no longer wasted (errors, miscommunications and rework) and lost or delayed revenue. Project audit reports for past projects are the best places to find company-specific examples.

Here is a common example. In a batch of 20 files submitted for localization into nine languages, three are not the most recent version. They were being worked on by a marketer without the knowledge of the marketing writer requesting translation. The error is not discovered until all files have been returned from translation after one week. The marketing writer takes about two hours to figure out what happened, get the correct files from the marketer and submit them for priority translation through the localization coordinator, who needs about half an hour to process and administer the rush translation. This kind of error happens once or twice a year among the hundreds of small translation projects.

The general formula for estimating the cost of such cases is:

Avoidable cost= $(T_c \cdot C_c + C_v + C_d) \cdot F_y$, where:

T_c =company time spent to correct the problem

C_c =loaded cost of company resources involved in fix

C_v =extra costs charged by the localization vendor

C_d =cost impact of resulting product shipping delays

F_y =frequency of occurrences in budgeting cycle, in this case, per year

Assume a loaded cost of \$40 per hour for the writer and \$50 for the localization coordinator. If the files average 1500 words, the loaded translation cost per file per language is at least \$100 (assuming lots of leveraging). The finish date for the project may not slip by an entire week, but what is the cost of a few days' slip? This depends on the situation, but a dollar cost should be assigned to any such delay, however small. Matrafa uses \$75 as a placeholder for this particular case.

Avoidable cost= $((\$40*2+\$50*0.5)+(\$100*3*9)+(\$75))*2 =\$5,760$

Prorated per month: $\$5,760/12=\480

Most organizations do not track such costs, although they should be calculated out in a properly executed project audit report. Each event by itself may not seem very significant, yet adding up all the instances over a full budget period can yield a surprising amount of unnecessarily wasted money.

Summary of Projected Cost Savings for Matrafa

Better leveraging saves	\$58,320 (15% of total translation costs)
Automating transactions saves	\$74,400 (78% of total transaction costs)
Avoiding errors saves	\$ 5,760
Total projected annual savings	\$138,480 (21% of annual localization budget)

5 Estimating implementation costs

The average implementation cycle consist of three phases:

Phase I: Define, assess and refine current process

- Review current process, define business needs and other requirements. High level business and localization objectives must guide all lower-level and detail decisions to ensure that all processes support company objectives
- Analyze content and develop workflows that localize efficiently with a repeatable process. Streamlining, standardizing and centralizing processes and enforcing best practices ensure that workflows can be executed with a minimum of human intervention
- Capture all necessary configuration information. Users, roles, languages, content types, views are defined and their interrelationships mapped out

Phase II: Install and customize Translation Management System

- Encode workflow rules to match existing or newly-defined business processes
- Develop and test any required custom script stages. Scripts are used to perform any arbitrary processing steps that can be defined and automated using a common scripting language such as Visual Basic, Perl, etc.
- Consolidate translation memories and prepare them for centralized management
- Establish and encode system costing information and turnaround-time commitments
- Establish required user roles and the people designated to play these roles
- Install or create interface code to detect changes, extract text for translation and route content to and from the system

Phase III: Train the users and test the system

- Train all users who will interact with the system
- Test the implementation with pilot projects; fine tune the system
- Go live

5.1 Estimate implementation costs

Phase I: Define, assess and refine current process

A specially-trained consultant conducts brief interviews with senior management from marketing, product development and international sales. Company business objectives and requirements are summarized to guide the implementation. All stakeholders in the localization process are interviewed. Content types, delivery formats, process workflows, file management strategies, etc. are recorded, analyzed, summarized and optimized.

This process may take from several days to several weeks depending on the complexity and variety of assets and processes. Assume five days of consulting at \$1500 per day for a total of \$7500 for Matrafa's implementation.

Phase II: Install and customize Translation Management System

Customized workflows, scripts, etc., are developed. Since R5 and TMS are integrated out-of-the-box, no additional customization costs are incurred. This phase may last several weeks and will cost a certain number of person-days based on the programming effort. Assume 20 person-days of programming and encoding at \$1500 per day for a total of \$30,000.

Phase III: Train the users and test the system

Web-based Translation Management Systems are straightforward and easy to use. Online tutorials and training modules get users up and running with a minimum of instructor-based training. The bulk of the effort is now focused on following pilot projects through the system and refining workflow encodings as needed.

Assume two person-days of instructor-based training and eight days of testing at \$1000 per day for a total of \$10,000.

Summary of implementation costs

Phase I, Define, Assess and Refine Current Process	\$ 7,500
Phase II, Install and Customize the system	\$30,000
Phase III, Training and Testing	\$10,000
Total	\$47,500

5.2 Estimate the software license fee and ongoing costs

The company licenses the software indefinitely and pays a small monthly fee for upgrades and maintenance. For Matrafa, the upfront cost for the license would be around \$75,000 plus an ongoing, annual software maintenance charge of 17,5%: \$13,000 per year or \$1,100 per month.

6 Calculating ROI

The successful case for implementation must demonstrate that a positive ROI will be reached within a reasonable amount of time. In other words, the cumulative savings resulting from implementation must exceed the running total of the upfront costs plus the ongoing costs.

Perceptions of what is a reasonable timeframe differ from company to company. Successful implementation requires a significant commitment of money and time. Most companies will therefore want to reach the breakeven point within one to two major budget cycles: one to two years.

Matrafa projected monthly benefits

Reduced Translation Costs: \$ 4,860
 Saved User Time: \$ 6,200
 Saved Other Costs: \$ 480
 Projected Return per Month: \$11,540

Matrafa estimated license costs

Implementation fee: \$47,500

Software License fee: \$75,000

Total upfront costs: \$122,500

Monthly maintenance fees: \$1,100

6.1 Break-even analysis**Break-even calculation**

Implementation start date	01-Jan-05
Proposed term, months	24
Implementation time months	2
Months to break even on implementation cost	11.4
Months to break even on ongoing cost	0.1
Total months to break even	13.4
Break even month	Feb-06

Return over term

Return over term	\$253,880
Cost over term	\$139,000
Projected ROI (\$) over term	\$114,880
Projected ROI (%) over term	83%

A Translation Management System implementation yields the greatest cost savings for high volume, modular content that is translated into multiple languages with frequent updates using a repeatable process. Cost savings are primarily achieved by applying translation memory more effectively and saving user time otherwise wasted on repetitive transactions.

A Web-based translation management system, such as Translation Management System, has many advantages over traditional solutions. Accessible from any Internet-enabled computer anywhere in the world, TMS provides a shared environment for localization management. The Web-based architecture is tightly integrated with all associated translation technologies to enable rapid implementation. Users pay only for what they use and quickly get payback on their investment.

The example used throughout this paper shows how hundreds of thousands of dollars can be saved from a localization budget of less than a million dollars. The bigger your translation volumes, the greater your savings will be. And this is before accounting for other benefits that are difficult to quantify, such as the value of being able to launch a new product or Web site simultaneously in multiple languages.

Further savings can be gained with additional functionality not covered by this white paper, such as automated terminology extraction and automated translation. It is clear that many businesses with significant volumes of translation and localization work will benefit from implementing translation management.

What is the quickest path to determine how much your company can save by implementing TMS? Using this white paper as a guide, you should be able to make an initial estimate of the potential savings in translation, transaction and other costs. Then begin building your own business case, validating your assumptions against other case studies, white papers or research reports.

7 About SDL Tridion

SDL Tridion is a global leader in Web Content Management (WCM) solutions. In addition to content creation, management, translation, delivery and archiving solutions, SDL Tridion provides brand management, targeted communication, multi-channel delivery and visitor interaction capabilities.

SDL Tridion enables organizations to provide a persuasive customer experience through all of their front-office activities. Corporate communication, marketing and customer service can ensure that their communication connects with their key target audiences.

Unlike other WCM products, SDL Tridion's enterprise class WCM solution and unique BluePrinting technology enables organizations to deliver a consistent, interactive, and highly targeted customer experience in multiple languages and across multiple Web sites and channels.

More than 430 organizations rely on SDL Tridion solutions, including well-known global brands such as ABN AMRO, BBVA, breastcancer.org, Canon, Emirates, KLM, Lexus, Renault, Ricoh, Sanofi-Aventis, Scania, Toyota, Unilever and Yamaha. SDL Tridion has offices and partners throughout North America, Europe and Asia. For more information about SDL Tridion, please visit www.sdltridion.com

SDL Tridion is a division of SDL, the leader in global information management (GIM) solutions. For more information about SDL, please visit www.sdl.com

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