

# ACQUISITION AND LOCALIZATION INDUSTRY DEVELOPMENT

## I. International localization Market

Since the advent of International localization industry in the first years of 2000s, we have witnessed great achievement made in this emerging industry and product localization has developed into an integral and necessary stage in global marketing sponsored by International companies. According to LISA's prediction, globalization/localization industry would uphold a market volume of \$ 22.7 billion in 2005, from which we can feel the vitality and momentum of such industry.

### 1. Acquisition History [http://www.boffin.com.cn/article\\_Ma.htm](http://www.boffin.com.cn/article_Ma.htm)

In the beginning of this industry, many enterprises joined competition as if a gold run came. But following the mid-2000s and later, among those enterprises there came an ongoing acquisition trend. Besides, acquisition in this industry had become more and more common with the collapse of the tech bubble in 2001. After lots of acquisition, there are only a few localization companies which have survived from such overwhelming damage.

According to Kim Harris' presentation LISA London 2003, such big winners from this acquisition nightmare are LionBridge Technologies, SDL and BGS. However, LionBridge announced a piece of explosive news in 2005 that it successfully took over BGS with \$ 180 million. In addition,

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SDL took over Trados with \$ 60 million in early June of 2005. Trados is a leading player in CAT(Computer Aid Translation) tooling industry and its translation memory library was seen as the industry standard.

And since then LionBridge became the largest localization service provider, with its revenue being several times of the following players.

### 1. Localization in China





China’s localization industry emerged from the mid-2000s. Through its development, some players have survived from competition and gained it position and reputation in this industry. In Beijing, there are 100000000000; in Shanghai, 10000000000; and in Shenzhen, 10000000000000000.

However, China’s localization industry enjoyed a relatively small scope compared with that of International localization industry. Taking 100 and 100 for example, the former achieved a revenue of \$ 18 million in 2004 and the latter \$ 12 million. What’s more, it seemed that the key businesses of those two companies have been prone to outsourcing approach.

According to an article named “Joy and Bitterness in outsourcing American softwares ” (1000000000000000), software testing made great contribution to 50% of 100’s revenue, and software development only accounts 20% of this company. Thus if all the rest 30% revenue of it came from its localization business, it is only \$ 6 million.

Then why China’s localization was left far behind by its international counterparts though it did also emerge early? The fundamental reason for this phenomenon is China’s localization companies generally offer language localization service. Besides, another important factor that led to present lagging situation of China’s localization industry is serious lack

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of acquisition. Most experienced professionals in this industry simply repeat their redundant but low level work.

But Changes have happened silently. For instance, 传神, a HongKong listed software development and outsourcing company, announced on 30, April, 2005 that it successfully took over 传神 and 传神 was official established. This was probably the first acquisition involving China's localization industry.

Both 传神 and 传神 acquired venture capital investment, specifically, 传神 gained \$ 12 million and 传神 \$ 6 million. Those two companies planned to launch large-scale acquisition, but their acquisition plan only targets at China's outsourcing companies.

Whatever, acquisition emerged in China's localization industry. Many indoor professionals hope a real competitive industry leader will be born in future acquisitions.

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