Trados Takes on the Critics

Now that Microsoft has taken a 20-percent stake in translation-tools firm Trados, *Language International* asked President Iko Knyphausen about industry reactions to this move.

Language International: *How will Microsoft's US$20 million investment in Trados affect your methods and strategy?*

Iko Knyphausen: As you probably anticipated—not at all. Of course, we are very happy to be associated with one of the greatest business success stories of all time, but we are and will remain a "WYSIWYG" company. No hidden agendas, no politics, just plain vanilla products for whoever likes vanilla. The Microsoft investment allows us to continue to build our worldwide network of offices, most specifically in Asia, where we will open our Asian HQ in Tokyo before the end of the year. We will also expand our development staff significantly so we can kick our product development into higher gear. Finally, from a marketing perspective, the "Microsoft stamp of approval," as some have called our recent deal, gives us a little more clout in the corporate arena; not bad for a small upstart company from Stuttgart.

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By the way, we developed our strategic plan quite some time ago and it was Trados who went to Microsoft with a business plan in hand and offered them an equity stake in the company. Seen from that perspective, you can see why we don't have to change our strategy: this was our strategy from the very beginning. Financially speaking, the Microsoft invest-

ment helps us maintain our 100-percent growth rate of the past three or four years. As to the medium-term future, who knows? We may even be bold enough to travel the IPO path, but we'll cross that bridge when we come to it.

LI: *How do you react to comments that you have "joined the Microsoft camp" and antagonized other software-localization vendors who appreciated your "independent position"?*

IK: We understand the concerns—again, they were not very difficult to foresee—and we evaluated the potential downside before we signed the deal. Companies like (and including) Oracle were interviewed right after we signed and they reconfirmed their relationship with Trados. All of the technology, present and future, will be included in our commercial products. There are not going to be special Microsoft features that would give Microsoft a leading edge over their competition.

It should also be noted that the localization industry accounts for no more than 30–40 percent of Trados's revenue. In other words, a total focus on Microsoft alone would endanger the lion's share of our business, not something we're in the market for. And nothing you can buy for 20 percent either.

I think your question refers to comments made in *LI* 9.5 by Mark Homnack, the CEO of Simultrans. We all know that something must have happened that turned the relationship between Simultrans and Microsoft sour. Homnack has been very vocal about his relationship with Microsoft on the Simultrans Web site. To speak about camps is a bit silly, because Microsoft's operating systems run about some 90 percent of today's desktops in business computing. It sounds as if people are confronted by an "either you are for them or you are against them" choice—a rather religious approach it seems to me. Even Oracle, Netscape, and Adobe would miss their revenues from the Windows world if Windows suddenly disappeared. Just imagine how many different versions of UNIX Oracle needs to support and how many different versions of code they need to maintain. From a coder's perspective I'd say: One version of NT sounds better to me!
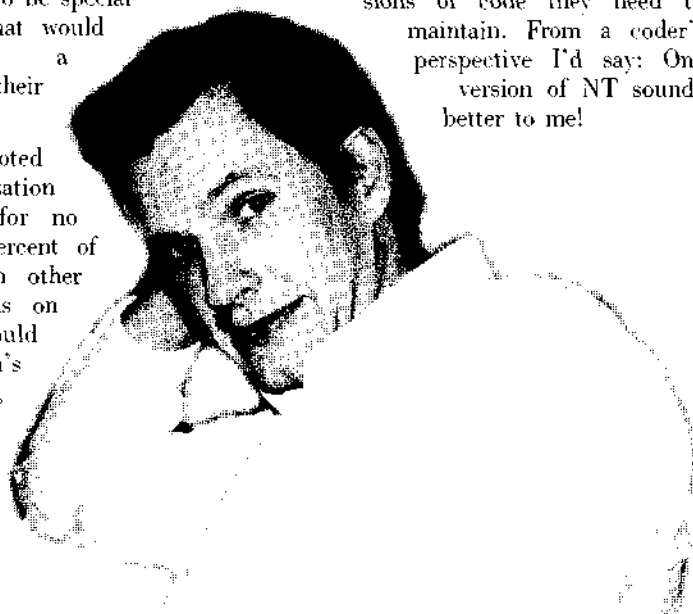
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By the way, it's good to know that in spite of Mark Homnack's rather negative comments, Simultrans's technical staff continue to buy Trados products. And that's the way I like to see it. If there is commercial justification for buying Trados tools, that is, if you can save more time and/or money using our products than you could with one of our competitor's, you should definitely buy them.

LI: How do you evaluate the fit between product design and what the various parts of the market need?

IK: MultiTerm as a terminology management solution in its own right remains a solid revenue earner, but the Translator's Workbench, which includes MultiTerm, is the bread and butter of Trados and the product that is showing the fastest growth. When you study our client base, you'll find that we sell into in-house translation departments of industrial organizations, into the public sector (e.g., our contract with the Commission of the European Community), translation and localization vendors, software publishers, the freelance segment, the educational segment, etc. We're pretty well diversified as far as markets is concerned.

In the case of universities we are talking about are language-teaching institutes like The Monterey Institute in California, The University of Limerick in Ireland, and The University of Saarbrücken in Germany. MultiTerm is the entry-level product that will help you even if you don't have source materials in machine-readable form. Terminology has a wider application than merely translation.

Our clients often buy Trados after comparing with the competition. In fact, we have to thank IBM for their efforts in

marketing this kind of technology, namely TM/2. It has helped to educate the market—and the IBM name buys attention.

Trados is involved in the LISA Oscar SIG which has as its goal the publication of a translation-memory exchange standard. We support the initiative because it is indicative of the maturation process that is currently going on in the industry. A solid data-exchange standard forces all tools

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providers to compete on the essential aspects of the technology, which is good for the market.

As for the benefits our products bring users, we have heard stories of people who are cranking out 12,000 words a day on repetitive materials. They're loving it. I can assure you! On the corporate level, our clients are locking in knowledge in their linguistic resources which takes some of the discretion out of the process, reduces risk, costs, and cycle time.

LI: How do you react to comments that smaller translation companies and individual translators find your products too expensive even though they could benefit from the functionalities offered? Do you think there is a potential market for the "small guy" or do Trados products require a critical size of management and support to be productive?

IK: I would call this a matter of perception or rather, of cost-benefit analysis. People are used to buying software at $100 to $500 a piece. They forget that Trados has to make the equation work on a limited number of potential users, let's say, for argument's sake 500,000 translators worldwide, versus for example WinWord, which has a potential of at least 50 to 500,000,000 users. Another good comparison is the cab driver. His or her investment is a 20 to 40 thousand dollar car, but no cabby would complain about this. We're talking about the cost of doing business. So, a $10,000 investment in professional computer hardware and translation software should not make a translator hesitate, should it? We also offer trial licenses where you can pay 10 percent of the product price per month to test drive the software. If after a maximum of three months you are still not convinced that Trados software is "good for you," you just return it.

LI: Are you concerned by the fact that many large software localization companies have developed their own internal translation memory tools (filters, extraction and leverage tools), because they can meet specific customer needs more quickly? Do you see your market expanding to include other needs than the core software-localization market where everything began?

IK: We feel there's nothing to worry about. In fact, the localization companies

> ## "I don't think it will harm culture if we leave out 20 of the 30 ways of saying the same thing."

that have their own proprietary tool development are often our best clients. They have a very good understanding and appreciation of what our tools accomplish. To turn a proprietary tool into a commer-

cial product and sell it in the dog-eat-dog market, etc. is a different ballgame.

First, you do not put all the effort into product design, product stability and quality, documentation, product support, etc. as an afterthought or in addition to running a service business. Second, clients wish for tools vendors to be independent of a translation service provider. The reason is clear enough. Suppose you are selling translation tools to a huge company in the telecom industry such as Nortel or Motorola. One of your tasks might be to work on pricing models, i.e., how much can you charge for new translations, how much for fuzzy matches, and how much for 100-percent identical matches (repetitions). As a tools vendor/integrator you will very likely obtain access to information about highly confidential pricing information on translation vendors. This would mean that if you were also a translation service provider, you would gain an unfair competitive advantage.

LI: *In the field of terminology, do you see yourself exclusively as a tool supplier or a content provider as well?*

IK: Terminology started when users needed corporate terminology to translate corporate information. At some point it was clear that not only translators but also marketing people, technical writers, and maintenance personnel would all need terminology. This is where our MultiTerm Web interface comes into play. It allows organizations to serve terminology on intranets as well as on the Internet. However, the broader the audience the higher the need for general language dictionaries in addition to corporate terms. So, yes we are increasing our content offering, such as the Oxford-Duden Dictionary (English-German, German-English) on CD-ROM and, coming soon, a specialized financial dictionary in four languages from the International Monetary Fund.

LI: *Any hints of other Trados development?*

IK: The most obvious and most promising new developments will address the authors of source materials. Translation memory technology makes use of repetitions by recycling translations. Very often translations are made from one source into multiple languages, normally from the product manufacturer's "home" language into whatever number of target languages. Now, if you could reuse previous expressions and sentences already in the source language, the savings in translating these "100-percent matches" (as TM terminology calls them) would multiply by the number of languages. That's exactly what we call a "Writer's Workbench" designed to "Help writers be more repetitive."

This may send shivers up many sensitive spines, but we are not talking about literature here. As a simple example, take the sentence: "Fasten your seat-belt before take-off." The next author writes: "Please fasten your seat-belt before we take off." And a third version is: "Please buckle up before we take off." As you can see immediately, all three mean more or less the same. In today's world, we have to think in terms of three different translations multiplied by the number of target languages these sentences get translated into. I don't think it will harm culture if we leave out 20 of the 30 ways of saying the same thing.

Another area of new tooling is what we call "mining tools." Basically, we are talking about perfecting alignment technology to bootstrap into term alignment, which means, that users who have huge amounts of texts (corpora) in different languages (translations of each other) may automatically create bilingual (or multilingual) term lists. 🔲