



## To Localize or Not to Localize... Is this the question at hand?

All global companies selling internationally face at some point the question of whether they should localize their products or not.

Before contemplating a response to this question, and to narrow down the scope of researching the answers, it is essential to identify the geographies that your company is interested in pursuing. This should be completely driven by your international strategic goals.

Since this is a strategic question it should be dealt with at the executive level. Depending on the function the person holds within a company, his or her reasoning and justifications may be entirely different. The following are different views from several departments.

### **Engineering**

Engineering needs to be consulted first. To them localization is a side issue. The real issue is internationalization. Is the product enabled for double-byte and bi-directional support? Does it handle different locale nuances? These

are the questions that Engineering should answer first. If your product is localization-ready, then this may be an advantage that you have over your competition. Otherwise, perhaps serious Engineering efforts need to take place, before undertaking any Asian or Middle-Eastern language localization.

### **Marketing**

Marketing approaches this issue in two folds, first looking at competition and if they are localizing their products and second considering the value localization brings to the end-user. Focussing on the different international end-users while considering localization is key. This is because in many countries like Japan or China, end-users require localized products, while in others like the Netherlands or Scandinavia, localization may not be essential. The value of localization to the end-user will vary and it needs to be weighted against other functionality, improvements and features that can instead be brought to the general product. Prioritizing localization vs. other product improvement is prudent, as long as the process is not completely

biased in favor of English speaking users.

### **Legal**

The legal department is always concerned about liability. Their main questions are: "Are there any international regulations requiring us to localize? Are we under any contractual obligations to localize?" Many countries are imposing localization requirements and these are serious questions that your legal department will have to get answers for. Again regulations vary in different countries and guidance to what countries to investigate will be essential. What is important here is to try to gauge the liability that a company may have in any country it sells into, if it does not meet local language regulations.

### **Manufacturing**

There may or may not be any logistical issues that Manufacturing will have to deal with while producing, stocking or shipping localized products. These issues are not much different from having different product numbers and the possible added overhead can be accounted for and dealt with.

## Sales

The Sales department is the place where you can get tangible answers about the opportunity that localization will bring to your company. It is no secret that most companies that localize do not do so, until they have a major international customer demanding it.

If you ask your domestic sales force, you know what the answer will be. Exactly the opposite answer will come from the international arm. Localizing your product will help increase international sales, and reduce the international support burden, while possibly distracting corporate from adding other enhancements to the base product. Being a tactical branch of the company, you would expect the local sales force to vote against localization, while the international one to vote for it.

This is another reason why again this issue needs to be dealt at the executive level, where the VP of Sales is consulted. Rephrasing the question to: “Do you have any customers demanding a localized version? How much more revenues can we get from a localized version? Are you willing to take on additional quota if we localize the product? What are the savings in support calls?” will

be critical to getting the proper answers to financially justify the effort of localization.

Also, the ultimate decision to localize will have to be made for specific countries, like Japan, Germany and France. If a decision is made in favor of localizing for these specific countries, additional markets will by default be available for

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if Cost << Opportunity + Liability
then localize
else invest elsewhere
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you to sell your localized products into, like for instance Austria, Switzerland, Belgium, and Canada... It is important that all these opportunities are identified up front.

## Finance

Once finance has relevant data from the field, marketing, engineering, manufacturing and the legal department, their task will then be to answer: “What is the return on investment to localize to specific languages? What are the short and long terms impacts on the bottom line?” These questions may still be hard to answer, but with visibility in the process and access to all the data, Finance may be able to pull the numbers together and make a financial case for or against localization.

## Making a Decision

*Vive la difference*, as the French say. Different is healthy since often localization costs can be high and the justification to localize needs to present a multitude of benefits to the company. If the cost to localize is much less than the opportunity it creates plus the liability it eliminates, then the decision to localize is an obvious one.

The need to localize may also be solely driven by legal or competitive motivations.

Even then, it is good to be aware of any other benefits or deterrents inside the organization to see where you can pull your resources together or where to avoid friction within departments.

But often the findings are not as black or white. If you are an executive of a company with a global vision, asking the above questions to your appropriate staff will allow you to study the relevant issues and balance the subjective vs. objective forces while making your decision.

If your decision is for localization, the next questions will revolve around what localization execution strategy to pursue. A correct strategy coupled with the right localization process are key to a successful endeavor.