

# The Hidden and High Costs of Decentralized or Home-Grown Workflow Management

*Benoît Desjardins &  
Rocío Txabariaga  
June, 2010*



3445 av. du Parc, Montréal, Québec, Canada, H2X 2H6

Tel +1-514-598-0406 <http://www.beetext.com>

## When the medicine is worse than the disease

Workflow management is about streamlining, efficiency and ultimately, improving the bottom line. So why do some companies hesitate to implement a workflow management system? In fact, the best case for migrating to a standardized, mature off-the-shelf workflow management system is made precisely by those people who do not yet have one. Chances are they are suffering from the “*inefficiency disease*” and their situations are all too typical. Here’s a common example, a Language Services Provider (LSP) company started by a linguist-turned-business owner has grown to the point where one of two scenarios characterizes their operations:

- 1)** A number of disparate, disconnected office applications used daily to run the business are bogging down processes and frustrating employees, instead of enabling growth.

In this case, business owners are failing to see the intangible cost to their LSPs. They should be measuring the cost of inefficiency. Using different applications for different business processes or functions is the way work was done more than 15 years ago. This infrastructure (if it can be called that) might have been acceptable back then because the competitive landscape was largely level. Only well-funded technology ventures in the language sector had an advantage – but even they were at some point using a Microsoft application on top of other back office applications, on top of a database and on top of rudimentary translation memory applications or localization scripts. With the massively competitive marketplace today and the now, lower-cost of technology, implementing a workflow solution is extremely cost-effective and provides a necessary competitive edge.

A second very common scenario, looks like this:

- 2)** The company, either an LSP or an internal language department, invested in creating its own internal system, most likely based on a standard server-based database product, and as a result it has augmented and maintained it for some time.

In this example, developing and testing a home-grown application clearly has development and maintenance costs associated with it. Here is a breakdown of why this path detracts from potential revenue generation:

1. It is an upfront cost, and the return on the investment, at least the first couple of years, is nil because the first year is very likely spent just on development.
2. The second year is spent on deployment and further development (and, at this stage, technical support is also needed to respond to user-originated queries and bug reports). Because initial analysis usually does not include future needs, eventually these systems become obsolete and turn into real money pits when changes in technology or processes are needed.

3. For the most part, home-grown systems are not web-based, and have no interface or portal for clients, something that more and more buyers of language services expect LSPs to provide.

Another very real cost often accepted by business owners as part of growing a company, is paying for an IT team to perfect and maintain a workflow application and support end-users. This choice is a lot more costly than buying an off-the-shelf product. In fact, it is often three or four times more expensive than the annual salary of a single IT employee. And today, when the language services industry has reached a certain level of maturity (decidedly so on the technical side) and continues to evolve, it behooves business owners who are still faced with these costs to carefully look at alternatives to increase efficiency and competitiveness.

### IT Staff vs. Off-the-shelf Workflow System

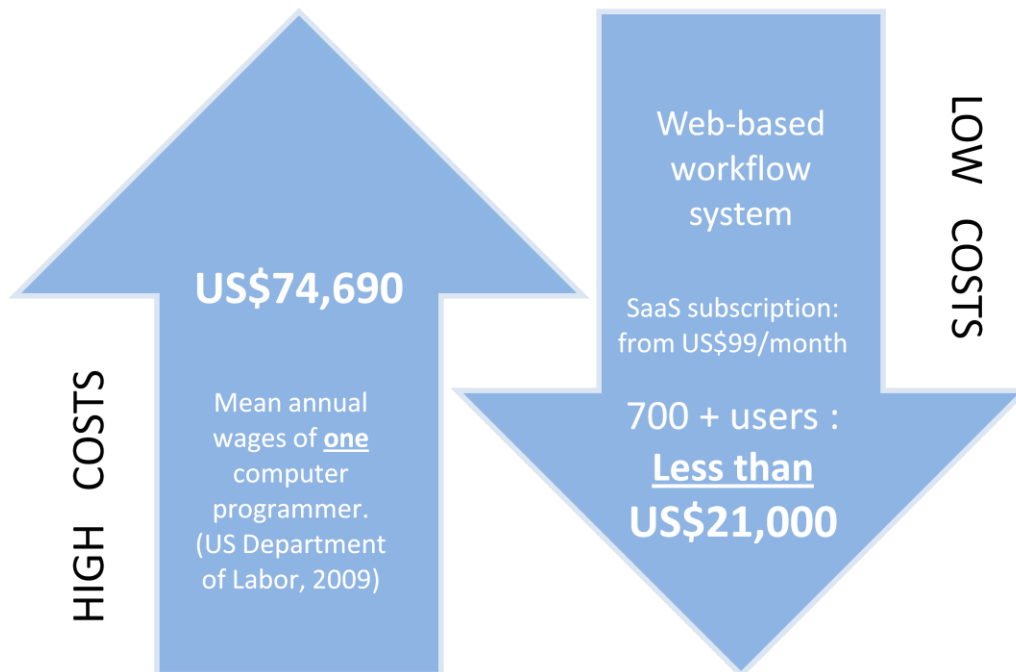


Figure 1: Cost difference between a single staff programmer and a commercial workflow system

It is also worth mentioning that while not a “home-grown solution”, open source solutions are equally bound to generate more costs than benefits, as the customization and maintenance of the system is inherently an internal function. For this option, as well as database-style systems,

paying IT personnel can run a company double and sometimes triple the cost of a commercial solution, and still not completely fulfill the needs of the business.

Currently, more LSPs are entering the low-barrier language services market than ever before. Those LSPs that do not embrace technology, especially affordable cloud technology, stand to lag and lose business to those LSPs for which fast turnaround times and high volumes are not an issue. These LSPs have become efficient and profitable utilizing today's available web-based workflow technology.

## The many "buts" based on myth

For most people, change is difficult. And by the very nature of their work, program, process and project managers are systematic creatures of habit. Once they are comfortable in their environment, they work around limitations and put up with the frustration of inefficiencies or lack of options. There are many myths surrounding the difficulties of change. The following will debunk those myths when it comes to adopting an outsourced workflow system.

### ***"But this is how we do business"***

In the eyes of the business owner or manager, things are OK because deadlines are being met and they are "pulling it off." This false sense of security will eventually come to make a company pay. Complacency has never enabled progress. That the employees of an LSP which has yet to standardize workflow systems are "happy" doing business as usual because they are not failing, that they are "pulling it off" is not an indication of the LSP's permanence. Industry analysts agree that price compression will continue and that technology will become the great differentiator. And because technology can actually change a company's business model for the better, abandoning the complacency sinking ship is a must for survival in the language industry.

### ***"But we cannot afford it"***

Oh, but you can. There is now a solution to fit every budget and business need. From the husband and wife company to the multi-million dollar, multi-language LSP, affordable options are available for everyone. For the sake of this article, we will consider a small LSP to have less than 3 project managers, a medium LSP to have 5 to 10, and large LSPs to have over 10. The same criteria apply for internal language departments at public or private organizations.

- **Small LSPs** can easily budget for, and begin implementing the SaaS version of Beetext's Flow MMX (see below for a description and analysis of the SaaS version).
- **Medium-sized LSPs** can buy as few or as many server licenses as they need.

- **Large LSPs** can benefit from bundled packages. The more licenses acquired, the larger the discount.

Decision-makers need to ask themselves if they have really examined their options.

***"But we have a very unique business model"***

If you are in the language services industry, your company is not that unique, because the needs of your clients out there are not that unique either. You receive a request for translation, you obtain source materials for analysis, you produce a quote, you get approval, you assign resources to the project for its different stages (translation, editing, desktop-publishing, localization testing, validation, etc.) and a final product is delivered to a client.

What is different is *how* you are currently going about all of those processes. If your company still relies on email or FTP sites to exchange files, you are vintage 90s. The job is getting done, but you have to rely heavily on manual transactions, multiple data entry, and repetitive communication. Project managers are spending more time as messengers and administrative clerks than as managers. Each one of the processes named above involves a manual operation, and in many cases different, disconnected applications. A standardized workflow system like Flow MMX centralizes all of these processes and automates most of the tasks involved. Plus, you have the advantage of a mature product that for close to a decade has incorporated the feedback of thousands of users in the language industry (who incidentally also thought their needs were unique), has evolved with the industry, and has incorporated other technologies like Translation Management Systems (TMS), terminology management and accounting software through integrations. This is as complete a solution as possible that accommodates most of an LSP's needs. Additionally, Flow MMX is user-customizable, for those few features that may indeed be your very own.

***"But implementing a new system takes too long. This is a risk."***

You are right to consider all possible risks associated with switching from home-grown or back-office applications to a standardized workflow system. However, implementation time is not truly a risk when carefully planned and executed. It takes just a couple of weeks to set up Flow MMX, and the learning curve for end-users is low. And if the concern is also about data migration, Beetext has many years of experience helping clients migrate data from traditional databases and home-grown systems.

There may not be a one-size fits all workflow program in the market, but Flow MMX is the language-industry solution with the longest track record and the most features of any commercial solution. In fact, it is the most mature of process and project management workflow solutions in the market today.

## SaaS or server-based? It is all about size and needs

**SaaS** (Software as a Service) eliminates the extra costs of maintaining the hardware and staff required to run a web-based application. A SaaS arrangement allows a husband and wife-type LSP to be on the cutting edge of process efficiency technology at a very low cost. The application is hosted online, and after receiving login credentials, users are quickly up and running. As the LSP grows, they can change to a different licensing model for the workflow program, but the bottom line is that they do not have to pay for more than what they can actually afford and still satisfy their needs.

Beetext offers Flow MMX SaaS on a monthly subscription basis, and users have nothing to install, nor equipment to buy. Flow MMX SaaS users report that the application is easy to use and that tremendous gains are made in productivity.







<i>FLOW MMX Versions</i>	<i>SaaS</i>	<i>Server License</i>
<p><b><i>Flow MMX Standard</i></b></p> <ul style="list-style-type: none"> <li> Suitable for smaller teams</li> <li> Provides all basic functionalities</li> <li> Upgrade to <i>Advanced</i> available</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monthly Subscription</li> <li>✓ Hosted by Beetext</li> <li>✓ Updates included</li> </ul>	<ul style="list-style-type: none"> <li>✓ Permanent license</li> <li>✓ Installed on your own server</li> <li>✓ Managed hosting available</li> </ul>
<p><b><i>Flow MMX Advanced</i></b></p> <ul style="list-style-type: none"> <li> Suitable for mid-size and larger teams</li> <li> Provides automation features and more flexibility</li> <li> Includes advanced reporting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Monthly Subscription</li> <li>✓ Hosted by Beetext</li> <li>✓ Updates included</li> </ul>	<ul style="list-style-type: none"> <li>✓ Permanent license</li> <li>✓ Installed on your own server</li> <li>✓ Managed hosting available</li> </ul>

Figure 2: The Beetext Flow MMX licensing models

**Server-based licensing models** are best suited for organizations that have already grown to have several project managers. To put the cost of this type of solution into perspective, it was mentioned above that a commercial solution costs a third or even a quarter of the typical

annual salary of an IT employee. In this kind of licensing model, the technology provider can either host the application using their servers, or the LSP or language department can license the program to host it internally. In the case of Flow MMX, users can choose based on their specific needs, which will most likely relate to the size of their project management team. Additionally, upgrades are typically included as part of the price and Beetext also offers managed hosting services for server licenses.

Before making that all-important decision to purchase and implement a workflow system, remember that hiring your own IT person can be a lot more expensive than an off-the-shelf solution. And your ROI may not ever be realized if you decide to develop an in-house system or utilize an open-source solution (or worse yet, continue doing business 90's-style). Remember also that using your own home-nurtured and painfully maintained system does not give you access to best practices in workflow solutions (a mature workflow solution "fed" by its users does).

Bottom line, if your company is to have any permanence in this competitive industry, the key is the right technology in the right hands. Getting the best out of your project managers begins with simplifying their work while at the same time significantly increasing their productivity, and your bottom line.

If you would like to know more or discuss your specific situation and how Flow MMX can address it, please contact Beetext using the information provided below.

You may also want to visit the Benefits section of the Flow MMX website (<http://www.beetext.com/flowmmx/index.php>) for details on features for different types of users.

## **About Beetext**

Beetext was the pioneer of online Business Process Management systems when it introduced Beetext Flow in 2001. With offices in North America and Europe and a worldwide user base, Beetext continues to develop a strong following for its workflow and process management solutions in many industries. Organizations in the financial, pharmaceutical, insurance, transportation and government sectors trust Beetext's products to bring affordable efficiency to their operations and communications. For more information on how to migrate from your current systems to Flow MMX, visit <http://www.beetext.com/> or call 1-514-598-0406 x 201.

Beetext | 3445 av. du Parc, Montréal, Québec, Canada, H2X 2H6