

What Might Go Wrong When Trying to Globalize E-Business?

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Abstract: During the second half of 2001, the globalization efforts of about forty Croatian companies were surveyed, and some common mistakes were identified that had hampered them and continue to plague them today. The most frequent observed mistakes were: assuming that the Internet is inherently global; equating globalization with translation; deploying web code that is not internationalized; divorcing the globalization plans from revenue objectives; thinking of globalization as the last step in the process; and trying to manage globalization using only a Content Management System.

Key-Words: globalization, e-business, localization, content management system, globalization platform

1 Introduction

Enterprises in a small country, like Croatia, can enjoy many benefits from e-business globalization, but they can also suffer from it if they are not able to find the right way to accept new rules of their business behavior. A vast majority of Croatian executives have no doubt any more whether their e-business should be globalized or not. Today, they are not asking something like “Why globalize”; usually their principle question is “How do we globalize?” This shift in perspective signals a growing realization that globalization has become a critical component of e-business, as important as content management, personalization, or e-commerce – to name only a few of the current e-business initiatives on the enterprise agenda.

Generally speaking, e-business is still globalized. A growing number of companies are now aggressively pursuing globalization as a key initiative. As with every emerging initiative, executives are looking for best practices to ensure that their globalization efforts support their international revenue and growth projections.

But, in some instances, enterprises cannot achieve globalization goals they set; they cannot gain from globalization all they have expected. It seems that, while global business objectives and drivers are often clearly articulated, the *strategy* to achieve them is often ill defined, vaguely understood or wrongly interpreted.

Well into their globalization initiatives, many Croatian companies find that their globalization practices cannot sustain their global revenue objectives. “We can’t reach revenue targets without a web site in English or German”, or “We have no mechanism to

keep our sites in synchronization with one another”, are their frequent refrains.

The ability to align global revenue targets with a sustainable globalization process is therefore a critical requirement for an organization that aims to become globally present. Developing a sustainable globalization plan is key to reaching global corporate objectives.

But, what e-business globalization actually is?

It could be stated that globalization when applied to a web site or – in a broader sense – to e-business means creating and maintaining a web presence that crosses linguistic, cultural and national boundaries. A globalized web site or e-business is one that can effectively communicate and perform its business functions regardless of the background of the audience.

The paper will attempt to provide some suggestions on how could Croatian firms avoid mistakes in attempts to make their e-business global. Understanding possible mistakes and proactively avoiding them can save organizations headaches and time in achieving their global objectives. During the first half of 2001, we have surveyed the globalization efforts of about forty Croatian companies, and we identified some common mistakes that have hampered them and continue to plague them today.

2 The Most Frequent Mistakes Done In Efforts to Globalize Croatian Enterprises

We have identified six most frequent mistakes done in efforts to globalize Croatian enterprises:

- Assuming that the Internet is inherently – *per definitionem* – global.
- Equating globalization with translation.
- Deploying web code that is not internationalized.
- Divorcing the globalization plan from revenue objectives.
- Thinking of globalization as the last step in the process.
- Trying to manage globalization using only a Content Management System.

We are going to discuss them briefly.

2.1 Assuming the Internet Is Inherently Global

At the outset, nearly everyone assumed that the Internet was inherently a global platform. After all, the Internet did away with the limitations of geography and time, enabling people to exchange messages and information in real time from anywhere in the world. Everything in the Internet is “now and here”, concentrated on the user’s display. This ability to transcend limitations of time and space promised to provide a new medium for global business.

But this view of the Internet overlooked one important fact: *human diversity*. People speak different languages, live in different cultures, trust in different values, behave in different manners, and belong to different nations. Language, culture, habits, value system and national identity represent significant boundaries that must be overcome to deploy a truly global presence on the web.

It was easy to overlook these challenges when companies first developed their web sites. After all, the vast majority of Internet users were – and still are – located in the U.S., and those that were not were dominantly English speakers. But as many recent analyst reports have conclusively documented, the demographics of the Internet is changing and with them the expectations of Internet users. To cite only one recent study by *International Data Corporation*, today about 75 percent of Internet users are outside the United States [1].

Research mentioned has also shown that a large majority of these new global Internet users prefer visiting sites in their own languages. More than 68 percent of online users surveyed preferred to browse the web in their native language.

In a study by *Dataquest*, local content was preferred in countries where “exotic” languages are spoken and Internet use was high, e.g., in Finland, Denmark, Japan, etc. [2]. In Korea, for example, more than 80 percent of

Internet traffic visited domestic sites [3]. Most importantly for business, *Forrester Research* found that users stayed twice as long and were three times as likely to buy when the content was presented in their native language [4].

Unfortunately, no similar research information concerning Croatian Internet population is available, but, knowing their habits, we can intuitively presume they prefer Croatian and English language.

2.2 Equating Globalization with Translation

When they first approach the subject, almost everyone puts an equation mark between the terms *globalization* and *translation*. But, it is very far from truth. The act of translation itself constitutes only a rather small part, let’s say 10 to 20 percent, of the effort of globalization. Namely, to begin with, globalization is in fact a complex business process that involves managing the deployment of product and marketing content across linguistic, cultural and national boundaries.

But, it is clear that dealing with political, national and geographic boundaries is much more than solely a language problem. It requires tackling a wide range of issues, among which maybe the most important are:

- currency conversion
- customs and taxes
- laws and regulatory rules concerning data security, privacy, and fair competition
- social customs, such as censorship rules or ethic values
- logistics involved in shipping and trading
- other support rules, such as how to support a products and customers locally, or whether or not to use domicile URL

For each of these areas there are complex problems related to strategy, tactics, technology infrastructure and architecture, and business processes that can make or break a promising globalization plan.

For example, the activity of web site content localization requires the close collaboration of many diverse groups of people both within an organization and outside it. Such collaboration, moreover, must not only overcome linguistic problems and take into account, e.g., time zones, but also must balance the goals of multiple groups distributed throughout different locations. Localization often involves input from interpreters, reviewers, marketing specialists, international law experts, information systems developers, web designers, and others. Often, this

review process will differ by division or organization, by types of corporate content, by target markets, by clients' customs, etc.

Even more difficult is the process of keeping multiple versions of dynamically changing web site contents, marketing information and product documentation in synch and update them in different languages. This problem becomes exponentially more serious as more markets are entered and specific content needs to be customized for certain markets, or entirely recreated for others. The management of this process is the only one example of the complexities of managing globalization.

2.3. Deploying Web Code that Is Not Internationalized

In some past times, web sites were simply text-based content or a kind of 'digital brochure'. But today, they are actually more like software applications. This fact has profound implications for e-business globalization. Web sites are written with code (HTML, ASP, JSP, XML, etc.) and it has massive databases and applications running behind it.

Many firms make the mistake of deploying web code that works in one language only. When it comes the time to deploy the same web site in some other language or writing (Japanese, Chinese, Arab, etc.), the site simply does not work. It means that the web code and architecture that was deployed can support only one set of cultural variables at a time: one language, one writing, one particular set of punctuation rules and naming conventions, one date/time format, one type of measures, one currency, and so forth. Suddenly, the site needs *internationalization*.

Internationalization is the process of removing cultural biases from the code base of the web site or e-business application so that the same code can function in any market, cultural environment or regulatory system.

Most Croatian information specialists, computer engineers and web developers unfortunately have not been trained to write internationalized code. As a result, most web sites are developed with code that is 'nationally colored', i.e. the code that is not 'situation neutral'; it means that it only supports one language, one writing or other cultural dependant variable. Therefore, when the enterprise makes the decision to globalize its web presence, it discovers that the underlying code and architecture cannot support its global strategy.

Of course, this is not the 'native' Croatian problem. For example, 63 percent of *Fortune 100* companies run their web sites in English only [5].

Some companies attempt to solve this problem, but create another one: different versions of their code base for each market, for instance, one for German, another for English, still another for French, etc. Having a different code base for each targeted market results in heavy problems of feature or functional updates to the web site. Web masters must make updates to the code base of each web site content version. As a company scales beyond two languages and makes repetitive changes, it becomes impossible to manage the updates to all different code bases. The resulting online presence cannot be scaled globally.

2.4. Divorcing the Globalization Plan from Revenue Objectives

Croatian managers and entrepreneurs are well aware of the fact that globalizations can help their companies to become more efficient. They know that "companies that globalize their web sites receive more than 2 times the percentage of sales from international users as those who don't" [6].

There are aware that companies aiming to become global should define business revenue goals and growth by region. But, it appears that these revenue goals and growth plans are in Croatian business practice rarely – if ever – coupled with the globalization plan. Typically, management decisions are made to launch a product in several new markets. The decision trickles down through the organization and lands on particular executive's desk as a need, or even a must, to 'globalize' or 'localize'.

This tendency to divorce the business goals from the globalization plan makes it impossible for an enterprise to properly leverage its resources to meet its globalization objectives. Globalization is most successful when there is a clear interaction between the two sides of the organization – between those driving towards business revenue goals and those charged with implementing the globalization plan. This involves putting together a cross-functional team comprised not only of technical resources but also executive sponsors.

By forming such a team the danger that the web site globalization will be treated as a back-end, secondary function unworthy of executive attention, is lessened. If the web site globalization is key to reaching revenue goals, then it should have the same visibility, transparency and attention at the executive level. In this way, the web site globalization is rescued from its status as a technical hurdle and instead recognized as a critical part of the business and marketing process.

2.5 Thinking of Globalization As the Last Step In the Process

Many Croatian companies think of globalization as the last step in the process of taking their business online. But, today companies from more developed parts of the world are increasingly realizing that globalization needs to be a key consideration in each and every step along the way. This shift in thinking towards globalization is reshaping the strategies by which companies are introducing and improving their e-business.

If globalization is thought of as the last step in a long process of e-business concept adoption and acceleration, the things might go wrong from several reasons. Let us consider what might happen.

First, a company simply worries about rolling out its online presence with information about itself and its products. The Content Management Systems (CMS) are needed as more and more information is moved to the web and multiple groups and organizational unit get involved. Next, if the company has a product to sell, it adds an e-commerce or transaction engine. And to tailor content more specifically to the preferences of online visitors, a personalization solution is made available. In this rather typical scenario, globalization is thought of as the last step in e-business, after content management, e-commerce or transaction engine, personalization and perhaps even syndication.

But leaving globalization to the very end has considerable consequences. At this point, companies discover that much of what they have earlier deployed must be redefined and redone, because globalization was not taken into account when their solutions have been designed and implemented.

The cost of going back to globalize solution after it has been deployed might be as much as 50 percent higher than implementing it with globalization in mind at the outset [7]. But, even cost considerations pale in comparison with the impact on *time-to-global-market*. By having to go back and globalize at the end of the process, companies face a significant lag in rollout of their online presence to global markets. The opportunity cost in lost revenue might far outweigh the costs of globalization at the outset.

2.6 Trying to Manage Globalization Using Only a Content Management System

As it was mentioned earlier in the paper, globalization is often equated to translation, which is, of course, wrong. But such an inadequate interpretation of the true nature and meaning of globalization delivers assumption that companies can simply use Content Management System (CMS) or Document Management System (DMS) to control their globalization process. Management

believes that the Content Management System will track changes to content and manage the workflow by sending out these changes to translators or localization vendors.

Experienced companies have, in the meanwhile, discovered several fallacies with this approach. Content Management Systems are designed to support the collaborative creation and publishing of content across an enterprise environment. But they were not designed to manage globalization, which has its own unique challenges. As a consequence, companies that deploy a Content Management System without a complementary globalization platform find their globalization processes cannot keep pace with their content creation processes.

Specifically, there are a number of ways in which a globalization platform delivers functionality that is usually not available in Content Management Systems. A globalization platform, for example, can:

- provide a method to store and leverage previously translated content
- eliminate the need for interpreters to manually compare content with earlier versions
- employ terminology control, i.e. glossaries, ensuring consistent branding and translations across an enterprise
- provide visibility, transparency and tracking of all localization costs
- capture legal changes made during localization
- provide filters to extract natural language from the source file formats
- coordinate updates of multiple web pages, sites and repositories across different languages
- provide business rules and intelligence for establishing appropriate relationships between multi-language sites and systems
- manage localization of content that may not reside in a Content Management System
- provide pricing information and suggestions for localization

To be robust, a globalization platform should be supposedly empowered by *eXtended Markup Language (XML)*, an emerging standard for communication in the e-business environment. Such a platform will also be scalable, automated and highly reliable. As such, it will enable a company using it to easily adapt its online efforts to global markets in satisfactory short time and at reasonable low.

Conclusion

An appropriate way to overcome mistakes when trying to globalize their e-businesses is for companies to develop a globalization strategy that meets global business objectives. This strategy has to emphasize the fact that globalization should be defined as the primary goal at the very beginning of the entire process. Thinking of globalization as the last step in the process may cause some negative and costly consequences.

To support such an approach, companies should deploy a sophisticated globalization platform, which, in turn, should be automated, scalable, and highly reliable.

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