A Business Model for a Click-and-Mortar B2B Services' Provider

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1. E-Commerce and Business Modeling

Business modeling is a technique used to monitor and improve the efficiency of a business. A business model has been defined by Timmers (1998) as

- an architecture for product/service/information flows, including a description of the roles played by various business actors;
- a description of the potential benefits accruing to these business actors;
- a description of the sources of revenue

A business model is the representation of the method in which a certain entity generates revenue from its business, by specifying where it is positioned in the value chain. Some business models are simple, some very complex. Regardless to the complexity of the model, it is essential that management has a clear cut long-term strategy for success. This includes understanding such factors as the value proposition, profitability model, revenue model, and the competitive risks and advantages.

Business models are not static. It is an abstraction that envisions the business "as is" and "as it will be", providing an overall direction for the company. The primary object of a business model is to communicate what is relevant to a particular business situation. The issues and problems facing a business at any time are complex and numerous, and the main purpose of drafting a business model is to deal with this complexity and quantity by reducing it to a manageable level. It is important to remember that any business model is per se incomplete and inaccurate, and unless dynamic, it also soon becomes obsolete. Tools such as forecasting, market research and scenario planning can be effectively used in business modeling. A good model should allow amendments and addition to satisfy changing demands.

The Internet has changed for ever the way we do business. After the initial hype of 1998-2000, during which both the dotcoms and the investment community have making a series of (sometimes deadly) assumptions concerning the profitability, management and operation of a successful e-commerce venture, the 2000 burst of the dotcom bubble has forced surviving businesses to re-think their modeling. To Net or not to Net, and if so, how to Net, has become a question for pondering. An eye opening analysis of the dotcom crash can be found in the white paper prepared by Gantry Group (2001). This report looks at the different business models and explains what went wrong: losses on "pay per click" advertising models, first mover advantage, no business success metrics, unsustainable business models, ignoring profitability, absence of market testing and research, ignoring basic business principles (eg. Logistics, customer service and customer satisfaction) as irrelevant to the Internet environment; bad business plans driven towards IPO, over-spending on virtual expandability, and inexperienced "fly-by-night" managers are listed as the main reasons. In retrospective, one can now say that the established brick-and-mortar companies which chose to move part of their operations onto the Internet had actually beaten the startup dotcoms at their own game (Vickers, 2000), while an increasing number of economists and market analysts admit that a purely web-based business model might not actually be viable. Whether they are correct (considering that these are often the same analysts who touted the new economy as a post-capitalist and post-industrial construct which was going to forever change the world of business), awaits proof. It may be that technologies will change to an extent where they will be proven wrong. But for the time being, caution is needed, and we at E-Cognus espouse the

view that the Internet, a valuable tool for communication and information, can be used to enhance the way a brick-and-mortar service providing businesses can attain profitability. We endorse the click-and-brick model because, simply, it follows the age-old wisdom of not putting all one's eggs in the same basket.

What follows in this paper is an attempt at presenting such a business model for an Australian business providing lingual translations to Australasian businesses and customers by utilising the Internet and IT to its maximum, while at the same time having a strong real-life presence both here and overseas. ETranslate has survived the dotcom crash, and although it is not a publicly listed company, it definitely is making profits.

2. Translating Services in Australia

Before we embark on the business model, it helps to look at the position of translating and interpreting services in Australia in general, and their importance in the overall way our public and private sector function.

Over the past three decades, Australia has prided itself on being multicultural. In a country built mainly on immigration, the federal government, as well as the state governments have espoused the "equal access" policy to various degrees. This means that any Australian citizen or permanent resident has the legal right to accessing government services and information in his/her native language. The Australian Department of Immigration not only runs its own Interpreting and Translating Service, but also has more than 40 languages officially considered as "community languages" in Australia, on an almost equal footing with English.

Effective communication is vital to the economic and social life of any society. It is particularly important in a nation of diverse cultural and linguistic heritages such as Australia. English is our national language and it is critical - for the individual, for society and for our collective prosperity that every Australian be given the opportunity to master it. At the same time Australians live in a society and in a world where languages other than English are spoken every day. These languages embody and communicate a different consciousness, a distinctive culture, another world, which we can share. The monolingual speaker, whether of English or of any other language, is impoverished in comparison with those who speak more than one language. Australians also speak more than a hundred other languages - each day in the home, the street, the school, the shops and the workplace. It is in the interests of all that Australians be allowed to maintain and develop their first language and cultural tradition.

A different level of respect, tolerance and acceptance of cultural difference - of individuality - is achieved if those who do not speak languages other than English value them sufficiently to learn them. Language learning has many rationales - intellectual and economic included - but the promotion of cultural understanding is one of the most important. In a society comprising people from many cultural traditions - some of whom may have an imperfect grasp of English, others of whom may never have experienced living in an unfamiliar culture - there is an ever-present potential for misunderstanding and conflict. Different perceptions, values and modes of behaviour can contribute to social tension. There is an obligation on both sides to try to understand the other - an obligation on those born into and on those who choose to live in such a mixed society. There is a need for opportunities to develop cross-cultural understanding particularly among people who have always lived within a single cultural framework. Multicultural policies therefore seek to ensure that all Australians have the opportunity to acquire and develop proficiency in English, to speak languages other than English, and to develop cross-cultural understanding.

In Australia, being bi- or multi-lingual is an asset, and interpreters and translators are doing a profitable job, with the former charging up to AUD60.00 hourly rate for onsite interpreting. Competition is strong, though, and new business models emerge as each translating and interpreting company tries to grab a share of the market. The government has established its own accrediting bureau, the National Accreditation Authority for Translator and Interpreters, and a code of ethics binds all accredited translators and interpreters.

Australia also has large and important trading links with Asia, Oceania and the Middle East. For many Australian SME businesses, trying to compete in these markets means that they need to reach out to their potential customers in their native languages. Websites, product manuals, brochures, stickers, publications and a plethora of other business literature needs to be translated into the customers' languages. Whereas English is a world language, not all business across the globe want, or are capable of, doing business in English. This is the case with countries such as China, Japan and the Arabic-speaking Middle East. Internal trade within Australia is also important from the translators perspective, as about a quarter of Australian population is overseas born (1997 census data), many of who are not proficient in English.

3. The E-Translate Business Model

ETranslate is by no means the only Australian provider of translating services with an online presence. From webpages to websites, hundreds of Australian translators have taken to the WWW. This includes government services such as TIS and ITC, as well as private companies and individual translators.

ETranslate grew out as an offshoot of the company Innovative Technologies Information Group (ITIG), which was launched in 1994 by a then newly arrived Wayne Tseng. Originally, ITIG's specialization was in software internationalization and localisation. Since then, ITIG operated a number of different web-based projects, for some reason registering a different domain name for each (Global Oz, MulitculturalWeb, ETranslate, etc.), while retaining the original ITIG name as the brick entity. By 1999, ITIG was a major player on the market, winning the prestigious Ethnic Affairs Commission's annual Multicultural Marketing Awards for "having created a multilingual environment which is opening a whole new trading world in cyberspace. This electronic gateway for business and the many multilingual sites ITIG has set up for major Australian companies is directly adding to the potential of Australia to do business with people anywhere in the world." [EAC, 1999] Since 1994, ITIG has been a leader in Web globalisation and software localisation industry with a series of software products to help optimise the overall process of language translation and development of multilingual Web sites.

 In what follows we will look at the business model followed by ETranslate:

3.1.   Value Proposition:

Market Niche: Public and private sector companies involved in foreign trade and having an online presence. Customers perceive a need to be able to reach to a wider, non-English speaking audience outside Australia, or to disseminate information within Australia to its non-English speaking population under the Equal Access legislation. Customers need to have their websites/printed material translated into the foreign language, and then coded into HTML/XML or ASP. Two-thirds of net users aren't native English speakers. The significance to the web development community is the truly vast increase in audience which could be attracted if these people were addressed in their own language.

The third sector of clientele are Asian businesses doing trade with Australia and wanting to maintain a web presence in English that is not a mere literal translation of their original websites, but is culturally appropriate to the Australian customers. As such, ETranslate is a registered business in Singapore and Hong Kong, and maintains servers and offices in those countries to service the Asian clientele.

USP: Etranslate combines expertise in fields very rarely found among traditional translators. Whereas majority of other translating services are operated by linguists, ETranslate is CEOed by a software engineer whose specialization is software internationalization. Traditional translating services in Australia provide just that – translation of documents, mostly to be produced in paper format. Etranslate perceives the need of businesses for a global presence, and provides translation of web-based materials, culturally appropriate web-design, internationalization and localization of web-based software applications, creation of multi-lingual websites, knowledge of correct

metadata tagging of multilingual websites, and expertise in using non-Latin scripts (Cyrillic, Arabic or Chinese, for example) in correct layouts and formats. Most translators contracted by ETranslate have strong web-design skills, and have to be conversant with a large number of desktop publishing software. ETranslate also maintains a network of contacts around the world to exchange information about local nuances and language trends, something that assists it to provide its clients with the best placement on the most popular search engines in non-English languages, as well as obtaining the best placement of advertising in foreign language search engines and portals to attract traffic. ETranslate also provides multilingual content management for its clients.

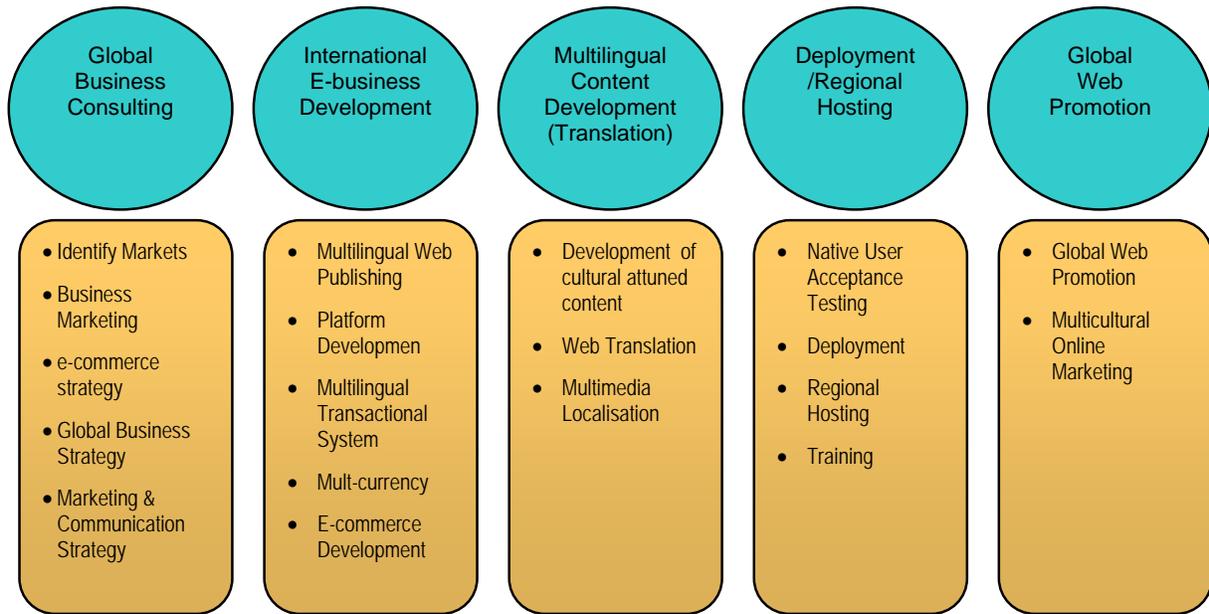| Global Business Consulting	International E-business Development	Multilingual Content Development (Translation)	Deployment /Regional Hosting	Global Web Promotion
• Identify Markets • Business Marketing • e-commerce strategy • Global Business Strategy • Marketing & Communication Strategy	• Multilingual Web Publishing • Platform Developmen • Multilingual Transactional System • Mult-currency • E-commerce Development	• Development of cultural attuned content • Web Translation • Multimedia Localisation	• Native User Acceptance Testing • Deployment • Regional Hosting • Training	• Global Web Promotion • Multicultural Online Marketing

Fig. 1 An Overview of the Services Provided by ETranslate

Beside translating websites and electronic brochureware, ETranslate provides translations of audio and video materials deployed on the clients' websites. The facilities at ETranslate allow easy separation of audio tracks which our translators can analyse and translate the dialogues. ETranslate will source for a voice talent that suits the client's business image to provide professional recordings. The recording is then incoporated back into the website as alternative audio tracks. No other translating company in Australia has the facilites to do this, except the SBS (Special Broadcasting Services) which broadcasts mainly to the non-English speaking communities in Australia.

eTranslate caters for over 120 languages and over 200 formats across multiple platforms including MAC, PC and Unix. Their software internationalisation service supports a broad range of technologies, applications built with VB, C++, Java, Delphi, ASP, CFM, JSP, PHP, XML running with RDBMS or ODBMS.

What's special about Multilingual Web is that it has recognised the end-to-end challenges of web site globalisation and has equipped itself to deal with them all - the technical, the cultural, the linguistic, and on-line marketing. Since the term "translation" does not often pop up in the minds of busy CEOs, ETranslate markets itself as a specialist in Multilingual Web Publishing and Multilingual E-Commerce, terms that strike a cord with the business community.

3.2. Real-life Presence

Etranslate maintains physical presence in Australia (Victoria), New Zealand, Singapore, China and Hong Kong. Besides being visible in these countries, the CEO and his staff continue to be active at

different government forums and seminars addressing multicultural issues, presenting papers and workshops of interest [see Tseng, 2000] and maintaining a media presence.

Staff at ETranslate also provides consulting services to businesses embarking on a multilingual Internet ventures, or working within an inter-cultural setting, to determine the cultural issues, gender preference and other demographics to be addressed in the translation of the client's product. Since ETranslate is also a multilingual software creator, technical staff provided face-to-face training, deployment and technical support to the purchasers.

3.3.   Online Offering:

A Convenient Online Transaction Process and a Higher Level of Personalization: ETranslate website acts as an interface between both their clients and their contractors. Clients are encouraged to register for free (allowing ETranslate to maintain a CRM database), and are then provided with membership benefits, such as free advice, online quotations, multicultural consultancy, integration support and marketing advice. Members also have access to technical news and support, free multilingual font archive, software news and our multicultural links database.

The website also provides for secure payment of fees and charges, and for communicating with potential partners.

A special "careers" webpage advertises available jobs, and allows interested parties to register their interest and upload their resumes online.

IT support can also be accessed online (as well as by telephone).

It has to be mentioned, however, that despite the promising interface, the technical side of the ETranslate website is often unreliable, and needs serious attention.

A Memorable Name:

To stand out, it helps to have a distinctive, memorable name. The name should say something about what it is that the business does (related to your core business). It should also be short, and hard to misspell. To this end, ITIG chose the name ETranslate for its multilingual web translating services.

3.4.   Resources:

Specialised Staff: Besides its own highly specialised permanent staff, ETranslate contracts and networks with over 5000 highly qualified and accredited translators, software engineers, cultural experts and online marketers. Because all this vast staff is on a per-piece contracts, ETranslate saves huge amounts of money on such things as insurance, income tax, superannuation, paid and sick leave and administrative costs. Software localisation and web-design is done mainly in China and Singapore, where the cost of labour per hour is far lower than in Australia.

ETranslate prides itself of its diverse team of IT and creative staff presenting a unique fusion of language, visual communication, advertising and information technology expertise. Each and every project is assigned a new project manager, and all such project managers are bilingual and fluent in the language in which the project is being worked on.

ETranslate translation consultants provide extensive support in developing local and international business strategies and identifying cross-cultural user preferences and usability issues.

Appropriate Software: ETranslate use a variety of proprietary software to perform its tasks. Meridium is a multilingual web publishing system; Maron is used for multi-currency conversions and facilitating e-commerce between different currencies; Maloc is a web-based software for translation management, while Merix provides a platform for businesses to deploy an English or multilingual online Web stores. Other applications include multilingual portal services for email, chat and messaging, and a global website promotions system. The software used by ETranslate has been developed in-house, allowing it to be engineered to the business needs of the company.

<u>Nerworks</u>: ETranslate has extensive relationship with local ethnic communities, which gives the company unparalleled access to broad range of user groups who can provide realistic feedback to market surveys. eTranslate can take a client's marketing brief and devise and implement a community survey to determine consumer behaviours in relation to the client's product. This also enables them to organise focus group studies within a short timeframe to meet any business requirements.

3.5.   Revenue Creation:

Etranslate strongly believes in the 80/20 rule of profitability, and as such does not take on small projects. Instead, it markets itself heavily to the top layer of businesses in Australasia. Looking at the list of undertaken projects, and serviced clients, it becomes obvious that the main client is the Australian Federal Government (eg. The Sydney Olympics Committee at http://www.gamesinfo.com.au), followed by the State Government of Victoria (where the company resides), local large businesses (ANZ Bank, Telstra, University of Sydney, etc.) and then by a number of companies of international renown, such as Adobe, for which ETranslate has handled localization in Asia and Latin America [Shipton, 2002]. Examples of this project can be seen at http://www.chinese-t.adobe.com/ and http://www.latinamerica.adobe.com/ . Among its multinational alliances are Sun, EDS, Microsoft and IBM.

Providing translated content on-line is a lot less expensive than traditional means. Translating a website into five languages costs a fraction of the original website, but translation to hard copy will be several times the cost of the original printed material. Etranslate lowers the translation costs by encourages clients to edit down material prior to translation, as big savings can be made translating a 500-word story into 10 languages as opposed to a 1000-word story, often without a significant loss of message. ETranslate also shows companies how to incorporate multilingual considerations into their web-design from the outset to add a lot of value to your site and avoid re-engineering, thus once more lowering the costs involved in translation.

Another source of revenue is the software produced by ETranslate. Meridium, which provides a complete content management features that enable organisations to create and deploy instant English and multilingual Web sites, is sold to companies from AUD5,000 for the small businesses to AUD30,000 for larger corporations, to be used in conjunction with an existing content management system where Meridium purely manages the multilingual content. More than 200 packages have been sold by the year 2001. Maloc is a collection of content management and translation tools aiming to automate all procedural tasks associated with preparing, translating, typesetting and integrate content for print and Web presentation. Each application focuses on a set of specific tasks from translation management to content editing to content publishing. Maloc Tool Suite sells for AUD2000, and is quickly becoming popular with professional translators.

ETranslate charges for both its technical and cultural consulting. A day spent by a qualified technical advisor helping a business "think multilingualy" costs the client AUD1580.00, while a cultural advisor spending the same amount of time working on the cultural appropriateness of their website costs AUD588.00.

Translations provided to the client are charged at AUD40.00 per 100 words for normal text, of which the translator usually only gets an average of 50%. Similar charges apply to editing and proofreading.

4. References

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