

LISA

Country

Guide

Russian Federation



LOCALIZATION INDUSTRY STANDARDS ASSOCIATION



SINCE 1990, the Localization Industry Standards Association has been helping companies *enable global business*. LISA is the premier not-for-profit organization in the world for individuals, businesses, associations, and standards organizations involved in language and language technology worldwide. LISA brings together IT manufacturers, translation and localization solutions providers, and internationalization professionals, as well as increasing numbers of vertical market corporations with an international business focus in finance, banking, manufacturing, health care, energy and communications.

Together, these entities help LISA establish best practice guidelines and language technology standards for enterprise globalization. LISA offers other services in the form of standards initiatives, Special Interest Groups, conferences and training programs which help companies implement efficient international business models to provide a return on investment for their Globalization, Internationalization, Localization, and Translation (GILT) efforts.

LISA partners and affiliate groups include the International Organization for Standardization (ISO Liaison Category A Members of TC 37 and TC 46), The World Bank, OASIS, IDEAlliance, AIIM, The Advisory Council (TAC), Fort-Ross, €TTEC, the Japan Technical Communicators Association, the Society of Automotive Engineers (SAE), the European Union, the Canadian Translation Bureau, TermNet, the American Translators Association (ATA), IWIPS, Fédération Internationale des Traducteurs (FIT), Termium, JETRO, the Institute of Translating and Interpreting (ITI), The Unicode Consortium, OpenI18N, and other professional and trade organizations.

LISA members and co-founders include some of the largest and best-known companies in the world, including Adobe, Avaya, Cisco Systems, CLS Communication, EMC, Hewlett Packard, IBM, Innodata Isogen, Fuji Xerox, Microsoft, Oracle, Nokia, Logitech, SAP, Siebel Systems, Standard Chartered Bank, FileNet, LionBridge Technologies, Lucent, Sun Microsystems, WH&P, PeopleSoft, Philips Medical Systems, Rockwell Automation, The RWS Group, Xerox Corporation and Canon Research, among others.

Why Do the Leading Corporations and Organizations Around the World Support LISA?

LISA has a proven track record of partnership with governments, non-governmental organizations (NGOs) and multinational corporations. LISA helps these bodies implement best practice and language technology standards, while providing them with access to the best independent information about what it takes to manage their multiple language content efficiently to communicate effectively across cultures. LISA has held more than 45 international forums and global strategies summits in Asia, Europe and North America, as well as workshops, executive roundtables, and other events tailored to meet the needs of specific groups or industry segments. LISA's members and partners know that they can come to LISA as an unbiased information resource to learn about the cost factors, technologies and business trends that affect how they do business in an increasingly globalized and integrated world.

Why Do GILT Service Providers Support LISA?

LISA has provided an open forum for more than twelve years for GILT service providers to discuss the business and legal issues that affect them, and to learn from one another and from their customers. Like their clients, service providers understand that they need to stay current on technical standards and business developments in the GILT industry. They also know that they can rely on the largest archive of GILT-related information in the world, available to LISA members, including all (1) issues of the *Globalization Insider* (LISA's content-packed newsletter, now in its 13th year of publication), (2) presentations and summaries from every major LISA event since 1997, and (3) research and survey reports that indicate where the GILT industry is today and where it is headed in the future.

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Introduction

The Russian Federation has a population of more than 145 million people and covers an area of greater than 17 million km², or 10% of the earth's land surface. The nucleus of a former superpower, Russia has found itself as its successor, inheriting many of its virtues and vices, benefits and problems (including the entire foreign debt and financial obligations of the former U.S.S.R.).

The Russian Federation has more than 145 million people.

Since the collapse of the U.S.S.R. and the end of socialism in 1991, the country has gone through painful and chaotic reforms that culminated with the economic crisis in 1998. This crisis was a pivotal point for change in the country leadership in late 1999 when conditions improved markedly. Annual growth has averaged 6% since then. Some consider this economic upturn related to a tighter grip on central power by the government of President Vladimir Putin.

Annual economic growth has averaged 6% since 1999.

Mr. Putin's mandate has been justified by his overwhelming popularity that has increased over time, enabling him to continue implementing swift and radical reforms of the political system, always moving it towards firmer central government control. The terrorist attacks during August and September of 2004 have paved the way to an even tighter political climate.

Strong central power is generally perceived as something good and comfortable in Russian culture, and as worldwide experience shows, it does not necessarily contradict liberal economic reforms. Many now believe that firmer central government control will help to keep the lid firmly on, and actually facilitate carrying out faster economic reforms to ensure a more secure business environment.

Strong central power is perceived positively in Russian culture.

Major Market Sectors and Government Incentives

The majority of Russian exports are commodities.

The majority of Russian exports are commodities, including oil, gas and other natural resources. Most of its technology exports are military. That is why Russian-to-English translations (excluding literary and political publications for the U.S. market) are rare—translations for military-related exports are not outsourced for obvious reasons.

The Russian government is committed to creating a friendly climate for foreign investors.

Russian imports are thriving due to the country's positive trade balance for the past six years. This has ignited major capital investment and economic restructuring and growth in all key sectors, creating huge demand in equipment, technology and other imports, as well as in supplementary services such as translation and localization (mostly English/French/German into Russian right now, with Asian languages starting to grow). At a working meeting with foreign strategic investors (EBRD, Tetrapak, Exxon Mobil and other major players) in June 2004, Russian Prime Minister Mikhail Fradkov confirmed the government's commitment to creating a friendly climate for foreign investors.

Major growth sectors include enterprise planning, equipment manufacturing, machinery and consumer electronics.

Investor interest in Russia continues to increase. The computer sector is relatively saturated at this point, so the major growth is now in enterprise planning, equipment manufacturing and machinery, consumer electronics, banking, communication, medical, education, food, etc. The country is rebuilding itself and renovating fixed assets. Therefore, English (or German) to Russian translation projects can come in any industry, from e-Learning to foods, as well as in banking, communication, engineering and other areas.

At the present time, there are no government incentives to enter service sectors.

Top Three Issues to Address When Entering the Russian market

Risks Are Higher in This Emerging Market

The business climate in Russia today is believed to be the best that it has been in ten years. However, it is still an emerging market with lots of risks. You need to structure your business to avoid these risks, and implement additional safety checks. Do your homework on the legal implications, custom regulations and hidden complications and costs.

Russia's business climate is good, but there are still risks.

Financial Reforms Are Still in Process

Administrative, tax and banking reforms are still evolving to create a more welcome climate for foreign investors.

Taxation is awkward and accounting is cumbersome, posing difficulties in opening a local office. Foreigners generally find that Russian tax law, accounting standards and tax audit procedures are too strict in terms of deadlines and the scope of documents required. This makes compliance costly in terms of time and effort. However, the country is starting to move towards GAAP standards, so this is expected to improve.

Taxation and accounting requirements are strict.

Administrative approval procedures are still too complicated, slow, costly and non-transparent. Progress in banking reform also remains insufficient, with transparency still a real concern.

However, it bears repeating that all of these issues have seen substantial improvement over the past few years, so the business climate is changing for the better. According to a recent Ernst and Young survey of decision-makers in multinational companies, Russia is second only to Germany, among the preferred investment locations in Europe. According to the survey, 9% of respondents stated that they have investment projects planned for Russia.

Russia is second only to Germany as the preferred location for investment in Europe.

Don't Assume Anything!

The market for globalization, internationalization, localization and translation (GILT) services in Russian is not yet mature. There is a lot of confusion regarding what is a sustainable and acceptable price level for quality services. Many players still lack the basic processes and essential quality checks that are required in every professional service market.

The Russian GILT market is not yet mature.

This means that you must implement a more detailed vendor evaluation process than is usually required and pay more attention to details that are provided by prospective suppliers. No assumption can be taken for granted. Confirm that all of your requirements are covered, and do not assume that everything will come as part of a package by default.

Take nothing for granted.

The Key Things for Businesspeople to Know About Russian Culture When Entering the Market

Foreign Products Are Judged on Localization Quality

Terminology issues are important in Russia.

Russians love their language, and translators lead the way. They are therefore much more sensitive to it than you would expect, and may take terminology issues personally. As a rule, they sincerely want the job to be done as well as possible, so it sometimes requires quite an effort by the supplier to accept client terminology without any attempts at “improvement.” This is the same reason why Russian language reviewers often have difficulty agreeing with each other on terminology and style.

Translation is respected in Russia.

This is due to a centuries-long historical tradition of cultural exchange with both West (France, England, Italy, Germany and Spain) and East (the Middle East, Asia, China and Japan). Russia, therefore, has an excellent tradition of literary translation, and Russian libraries are full of translated works. Both Russian prose and poetry have fully embraced and incorporated foreign literature. Many translated works of literature are acknowledged masterpieces in their own right.

High-quality localization is noticed and serves as a sign of respect for the Russian market.

Russia closely observes its ties with West and East, often analyzing those relationships, as well as on the balance between them. Therefore, when a new product or service is introduced from abroad, it is usually scrutinized in terms of localization quality. High-quality localization is always noticed because it is considered a sign of respect for the Russian market. It is very difficult to estimate the sales increase of a well-executed localization compared to a lower-quality offering, but the effort does not go unnoticed by the local market. Quality work is praised in the media, both offline and online, as well as within the professional communities.

Many Good Opportunities for Outsourcing

Russia is chasing India as a desirable market for outsourcing.

Russia is one of the BRIC (Brazil, Russia, India, China) countries. The labor market is now becoming more demanding, so the cost of qualified labor continues to increase. Better and more efficient processes, as well as technology and productivity improvements, are now keys to competitive advantage in a service business. However, it is still a country where the lower cost of labor and abundance of qualified resources create good opportunities for offshore outsourcing. In offshore software development, especially, Russia is successfully chasing India. It has lots of good programmers, and many translators have software experience, unlike developed countries where translators are mostly linguists. Good technical translators in engineering, oil and gas, chemistry, communication, etc. are available.

Excellent Peak Productivity vs. Missed Deadlines

Russian workers benefit from an excellent education system, along with the advanced fundamental and applied science of the former Soviet Union—a precondition for non-standard thinking, innovation and technology breakthroughs. They, however, sometimes lack thoroughness and consistency in their efforts. For example, Russian programmers abroad are famous for their innovation, for their excellent coding abilities and for their overtime—even working overnight if necessary for rush jobs. However, when long and steady effort is required, they often fail to provide the same high-quality output, unless they are being managed by good project managers. This is even truer on their native soil where fewer professional project managers are available.

Russian programmers are famous for dedication and innovation, but may be weak on follow-through.

What this translates into is a Russian company's ability to demonstrate excellent peak productivity, but issues with slipped deadlines. The employees are actually working in good faith, but simply cannot deliver on time. They will tolerate all of your demands, however inconsistent, but will have difficulty understanding deadlines—and rightly so, for patience is an extremely important virtue among Russians, while punctuality is not. At the same time, when you remind them for the third time that you really must have your deliverable by a certain date, the company management will mobilize all of the resources required to ensure that the project is completed over the weekend. This is why it is important to make sure that all of your Russian vendors (1) are mature and have a consistent record for delivering work (2) and have documented processes and procedures in place for ensuring this consistency. The same goes for quality—well-done test jobs do not automatically mean that the entire project will be consistently good, unless there is an established QA process in place.

Make sure your Russian partners have documented processes and a consistent record of project delivery.

Negotiation Style

There is also a notable difference in negotiating style (Russia is partly Asia, remember?). As a foreigner, you should realize that “final offers” are often not actually the end of the negotiations, and that the outcome will be more beneficial and attractive if you can hold out. Your Russian counterparts may also insist that they understand something, when this is not actually the case. Moreover, they sometimes have a tendency to say things that they think you want to hear,

Russian negotiation style differs from that of North America and Western Europe.

Bonus Tip for Travelers

And a bonus tip for foreign travelers... bring some cash with you, especially if your trip takes you beyond Moscow. With more than 12 million people, Moscow is now the largest city in Europe. Due to its lack of budget accommodations, it is also one of the most expensive ones for a foreigner. Moscow is a thriving and developed metropolis, with advanced infrastructure, department stores, boutiques, entertainment, etc. While it is no problem for a foreigner to use credit cards in Moscow, acceptance is limited in other parts of the country. So, bring some cash with you, but not too much—otherwise you may be misunderstood at customs.

Bring cash with you on trips to Russia, especially if you travel outside of Moscow.

Required Languages/Scripts

Cyrillic

The Russian has a legacy of at least five different code-pages.

Russian is written in Cyrillic, a script that is quite different from Latin, even though it is much closer to Latin than to Arabic or any double-byte language. It has a legacy of at least five different codepages (ANSI 1251, MAC, KOI-8, UTF-8, etc.). It also has its own issues in terms of codepages, keyboard layout and font support.

Unicode has greatly improved support for Russian.

Fortunately, all these problems are beginning to disappear with Microsoft imposing Unicode support as the industry standard for Windows XP and later versions. If a software developer follows all Microsoft specifications and uses the Windows libraries, there should be no problem with Cyrillic support or with the conversion to/from all of the different Cyrillic single-page and multi-byte Unix-like codepages. However, even if native Windows Unicode is not properly supported by the software, the problems can sometimes be resolved without a developer fix. Also, not all screen and printer fonts truly support Unicode, although this is improving.

Kazakh and Georgian

Other scripts of the former USSR, such as Kazakh and Georgian, are only supported by Unicode.

Ukrainian and Kazakh Are Increasing in Importance

Ukraine and Kazakhstan are also growing rapidly.

Other republics of the former USSR are now emerging with significant translation volumes—the most important ones being Ukraine and Kazakhstan. These countries are experiencing the fastest development and growth among all former USSR countries, so if you are entering the Russian market, chances are high that you will also require translation into Ukrainian and Kazakh.

Russian Dialects

All Russian localization should be into standard Russian dialect.

In terms of dialects, it is worth mentioning that even though there are lots of subtle spoken dialects of Russian, such as Nordic Russian, Siberian Russian, Ukrainian Russian (“surzhik”), Povolzhsky Russian, Petersburg Russian, etc. there is only one literary Russian language, i.e., the language that is spoken and written in Moscow and St. Petersburg by the National Federal TV and radio, as well used by major newspapers. For that reason, it is not recommended to out-source your Russian translation needs to any of the former republics.

Special Localization Requirements

Russian law requires all packaging and documentation for consumer products to be fully translated, i.e., you cannot advertise or sell a product with its description or documentation in a foreign language. You must therefore fully translate your product before launching it in the Russian market.

Full localization is a requirement for the Russian market.

Russia is Europe, so Russians have a European mentality. This means that it is much easier to adapt products to the Russian market than to the Chinese- or Arabic-speaking markets, for example. However, since Russian business practices vary significantly from those in the West, a considerable effort in product adaptation is usually required. Russian localization normally involves more cultural adaptation than most other European languages.

Russian may involve more cultural adaptation than other European languages.

The Top Two Mistakes Made by Businesspeople When Entering the Russian Market

Mistake Number 1 – Assuming That Others Operate as You Do

- Don't risk unpleasant surprises.** One common mistake is to assume that your Russian counterpart operates under the same cultural norms and business practices that you do. There are many unpleasant surprises for anyone who is making judgments and business decisions on criteria that are normally applied to more developed markets. Translation vendors make a lot of unsubstantiated claims, simply because industry consolidation has not yet taken place. Therefore, beware of offers that sound too good to be true—there are still too many of them, and you don't want to be the one who is teaching the market at your own expense!
- Verify all claims.** It is therefore important to check the track records of all prospective suppliers, including references from other clients who have been satisfied with past work. Do not trust what is said, check how long the company has been in business and confirm references for past projects. Basically, every claim must be verified, including the number of people on site, capacity, throughput, turnaround times, etc. Leave absolutely nothing to chance.

Mistake Number 2 – Believing That Legal Agreements Are More Important Than Relationships

- Personal relationships are very important for legal agreements to become action.** It is extremely important to identify, communicate and transact business with the specific person within your partner company who is willing, responsible and has the authority to implement contractual obligations. In Russia, as in most parts of the world, personalities and personal relationships are very important for legal agreements to become the reality.



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