A resurgence in cross-border M&A deals

Observers who closely monitor the mergers and acquisitions marketplace say that after an economically difficult couple of years, cross-border M&A deals are poised to make a comeback. That’s because credit markets are gradually strengthening, and financing is becoming more readily available. In addition, corporations that have been conserving cash for the past couple of years are now hungry for and seeking out opportunity.

If an attractive cross-border buy or sell opportunity presents itself to you, will you be able to take advantage of it both quickly and efficiently? You will be if you understand how important it is for you and other participants in a deal to both literally and figuratively “speak the same language.”

INTRODUCTION

For most executives in the global business community, English is the shared language. However, many deal participants conduct research and communicate in their native tongue. So regardless of the direction of the deal, when deal participants from countries where English is not the primary language get involved, chances are that a language other than English will also be involved in the transaction.

The message to M&A participants is clear: To take advantage of local opportunities in a worldwide marketplace, you need to translate, present and exchange information in English and in the language or languages of any parties to the transaction.

In summary, the success of many cross-border deals is dependent on the ability to communicate information clearly and accurately in multiple languages.

CREATING SUCCESSFUL MULTILINGUAL DEALS

Creating successful transactions starts with understanding the risks and challenges of cross-border deals. While deal volumes are increasing, cultural issues, including language, can present major challenges for buyers as well as sellers in these transactions.

Both buyers and sellers have a stake in ensuring that
communications across borders are accurate and complete. The buyer's comfort level is critical to the success of the deal.

Buyers in cross-border transactions can't be expected to proceed unless they have a clear understanding of the assets and of key legal, financial and technical documents that pertain to these assets.

For sellers, language and cultural differences are critical as well. Sellers have a direct interest in reaching the broadest possible market, facilitating due diligence, reducing liability risk and increasing the speed and efficiency of the deal.

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Successful multilingual deals require an effective way to anticipate and optimize the translation of due diligence material into one or more target languages.

DECIDING WHAT TO TRANSLATE

For both buyers and sellers, language translations are increasingly critical to the success of the deal. It's important to start with an understanding of “what” needs to be translated in the first place.

In most major M&A transactions today, the seller establishes a virtual data room (VDR) to house electronic versions of all documents pertinent to the sale of the asset. This enables the seller to reach a broad market and to allow large numbers of prospective buyers to conduct due diligence at their convenience and from remote locations.

The emergence of VDRs reflects the importance of creating a fluid, accessible information exchange. At the heart of a VDR is a well-organized electronic index of all the documents contained within it. Like a good table of contents, a good index gives participants a bird’s-eye view

CASE STUDY

When multiple Japanese buyers began conducting due diligence for the proposed acquisition of a South American operation, they had trouble deciphering key documents, including technical reports covering a wide range of issues. Unable to proceed, the group turned to ULG for a rapid translation plan, allowing the group to make timely, informed decisions and move ahead with the deal.
of the information at hand and an easy way to find what they are looking for.

It makes sense, at a minimum, to offer the index in multiple languages. With a translated index, non-English-speaking deal participants can quickly locate the information that is most important to them. If the seller chooses this minimal route, the buyer can determine which documents require further translation and follow up accordingly.

Keep in mind, however, that shifting the burden of translation to the buyer will slow the progress of the deal. With success often tied to deal velocity, it is critical that sellers consider anticipating and meeting the language needs of potential suitors.

Sellers with an appreciation for buyers’ needs may consider translating not only an index of documents, but also summaries of key documents. Document summaries are easy to read overviews of the main points of selected documents. Depending on the market for the asset, sellers may also choose to provide full translations of entire key documents in any number of languages.

Ultimately, the greater the comfort established for the buyer, the greater the probability of success for your deal. The VDR and effective translation services work in tandem to support that objective.

THE BENEFITS OF EFFECTIVE TRANSLATIONS

Anticipating the language needs associated with an M&A transaction can have a profound effect on the deal for both buyer and seller. Specifically, effective language translations can help any deal by increasing:

**Speed** When critical documents are readily understood by key participants, the speed with which deals take place increases, as does the close rate.

**Accuracy** Clarity and accuracy in communications are critical in any transaction, as they enable participants to quickly ascertain important details while reducing liability resulting from miscommunication of facts.

**Consistency** A key challenge in cross-border M&A involves ensuring that specific terms used in the source language are used consistently in the target language.

Effective translations ensure consistency by creating glossaries to which individual translators and editors can refer during the project.

The net result is reduced friction. When buyers are confident in their understanding of due diligence documentation, transactions can move forward smoothly and efficiently, which is critical in today’s rapidly changing economic climate.
MULTILINGUAL M&A

Virtual data rooms, or VDRs, help create better deals by aggregating all due diligence documentation in a highly secure, searchable repository, giving buyers easy access to the documentation and giving sellers a clear audit trail of the buyers’ activities and behaviors. Deciding the appropriate documents to translate is the first step in creating a multilingual VDR.

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KEY COMPONENTS OF SUCCESSFUL M&A TRANSLATIONS

Anyone who has been involved in a translation project understands that translation is both an art and science, and that not all translation services are created equal. Approached correctly, language translations are multidimensional, involving the interpretation of word and meaning in combination, for clear and accurate information exchange.

The key to optimizing translations in cross-border M&A deals is to align the people, processes and technology required to support the translation effort. The result includes improving deal speed, reducing risk and controlling costs. Both the seller and buyer benefit from this integrated approach.

People

Despite advances in technology, multilingual projects continue to rely on the individual talents and efforts of people, including project managers, authors, translators and reviewers. The people involved in translation projects must work together as a team with clearly defined roles and well-understood expectations.

Given the complexity of many business operations and the subjectivity inherent in language translation, it is essential that the team performing the service possess subject-matter expertise. Expertise in localization is important as well. Localization involves ensuring that translations take into account local and cultural considerations that may have a bearing on word choice.

Process

Employing proven best practices results in higher-quality documentation and faster delivery. In a cross-border M&A transaction, process is particularly important. A group of translators may divide a document or documents into parts, with each member of the group taking responsibility for particular parts, in order to accelerate the project. Ensuring accuracy and consistency across these documents is critical.
If the project requirements are outlined in advance of the effort and tasks are centrally managed, the translation project will be completed more quickly and cost-effectively.

**Technology**

New technologies automate and streamline job tracking, workflow, project management and content management, yielding greater control, lower cost and faster turnaround times. In cases where there is a need to get the “gist” of large volumes in a very short time period, machine translation technology can play an important role.

**The optimal strategy integrates people, processes and technology associated with the multilingual M&A deal.**

**TYPES OF TRANSLATION**

In addition to deciding “what” must be translated, the buyer or seller requesting translation services must decide “how” the work will be accomplished.

For some documents, machine translation may be adequate. Machine translations are executed by a software program and are not meant to serve as a replacement for human translation. These are commonly provided when large files must be translated for buyers who need to ascertain only the gist of the files. Post machine translation editing can also help to make the results more comprehensible.

For more critical documents, where nuance of the content is important, human translations are required. Human translations happen through a skilled team of translators, reviewers and editors.

Human translations may be broken into two types—informational and certified. Informational translations are not edited and generally are intended for “internal use.”

Certified translations are used when greater precision is required and involve both an editing and proofreading phase to ensure the language is technically and grammatically correct. Certified translations come with a notarized certificate attesting to the accuracy of the work.
Finally, some situations require coding of documents. This is a process by which key words and terms are identified and coded in the target language, so that reviewers can perform rapid key word searches in that language.

**Ensuring accuracy and consistency across documents is critical. If project requirements are outlined in advance, and tasks are centrally managed, the translation project will be completed more quickly and cost-effectively.**

**SELECTING THE RIGHT TRANSLATION PARTNER**

Another key decision that must be made is “who” will provide translation services for the multilingual M&A deal. Historically, many companies have employed individual translators to assist in translating documents associated with M&A deals. Many such translators, however, lack the subject-matter expertise required to meet quality standards and lack the resources to turn around complex projects on a tight deadline.

To improve quality, speed and efficiency, the organization requiring language services should identify the best multilingual service provider to manage the entire translation and localization process.

Choosing a partner whose processes are verified through nationally and internationally recognized certification programs such as ISO and through regular, independent audits will give the seller/buyer greater assurance that required controls and repeatable processes are in place for quality assurance.

Involving the suitable language services partner as early as possible will enable the partner to assist in the management of content and help speed due diligence. Factors to consider in the evaluation of partners include:

- **Certification and a proven track record in industry-related localization**
- **Large team of specialized content linguists and experienced project managers**
- **Global capabilities and highly responsive service**
- **Nationally and internationally certified quality processes and standards**
- **Integrated technologies and tools to minimize cost and turnaround times**

**SUMMARY**

As cross-border M&A activity begins to spring back as the economy improves, so does the demand for effective
language translation services. The benefits of effective translations services are significant, especially with speed, accuracy, consistency and reduced friction.

Sellers and buyers typically take on different aspects of the translation process. At a minimum, the seller should provide translated indices of the contents of the virtual data room, where electronic copies of pertinent documents are housed, as well as summary translations of key documents. Some sellers provide translations of the full texts of key documents. Buyers may require additional translations—some perhaps accomplished through software programs and some through expert human translators, subject matter experts and localization resources.

Historically, many firms engaged in multilingual M&A deals have employed individual translators for such projects. An integrated services provider that has deep and broad resources, including subject-matter expertise, can improve quality, speed and efficiency and effectively manage the entire translation and localization process.

To improve quality, speed and efficiency, the organization requiring language services should identify the best multilingual service provider to manage the entire translation and localization process.

ABOUT UNITED LANGUAGE GROUP
With over 35 years of experience in the language landscape, United Language Group is redefining what’s possible for global businesses. We apply innovative technology and language expertise to drive quality for our clients around the world. At ULG, language is our business.