

The State of Language Operations Outsourcing

2025/2026

*Workflow Shifts, Technology Migration & Demand Patterns Across
Seven Industry Verticals*

+147%

Life Sciences volume growth

+114%

FinTech volume growth

~85%

Automated platform intake (P2)

Foreword

The localization industry is often described as a technology story. But what our operational data from the past twelve months reveals is something more nuanced, which is difficult to be summarized in a single word.

As the industry settles in its third year of AI, LLMs and technology adoption, LSPs and enterprise language buyers are also finding the road to market adaptation and outsourcing where needed. What we see is that they are not expanding their vendor ecosystems, they are deepening them. The LSPs that worked with their clients for years are now routing a wider, more complex, and more compliance-sensitive range of end-client portfolios through a smaller number of production partners. The volume growth we observed across Life Sciences (+147%), FinTech (+114%), and Marketing (+62%) did not come from new relationships. It came from the intensification of existing ones.

At the same time, the infrastructure of localization has finally shifted beneath our feet. Email-based project handoffs (the backbone of the industry for two decades, despite the hype over automation in the last couple of years), now represent fewer than 15% of project intake. The remainder is automated: dashboard-based, portal-delivered, and credential-managed. Platforms like Phrase, Smartling and XTM are not optional features. They are the floor.

This shift didn't happen when the hype started. It happened in the last 6 months.

What this report aims to do is put hard operational data behind trends that the industry has been discussing.

For buyers of localization services, we hope this report is a useful reference point for vendor evaluation, contract design, and compliance planning. For anyone operating in this space, we hope it is an honest account of the forces reshaping how language work gets done.

Gergana Toleva

Chief Revenue Officer, 1-StopAsia

March 2026



1. About This Report

Purpose & Audience

This report presents anonymized operational intelligence drawn from twelve months of enterprise localization activity spanning March 2025 to February 2026. It is intended for localization buyers, procurement teams, language service providers, and technology decision-makers seeking a data-grounded perspective on where the industry is moving and why.

Data Scope

- ▶ Scale of data: 200 companies operated monthly/700+ companies served annually
- ▶ Incoming communication production workflow: 3500+ monthly requests (active production only)
- ▶ Actual project intake: 4500+ monthly
- ▶ Source: Anonymized operational project and communication records across two consecutive six-month periods
- ▶ Layer covered: Asian languages centric outsourcing
- ▶ Volume metric: Word count across all production workflows (still the norm requested by buyers)
- ▶ All client, vendor, project, and pricing identifiers have been removed
- ▶ 7 industry verticals tracked; 10 production parameters analysed

Analysis Periods

1. **Period 1 (P1):** March 2025 – August 2025
2. **Period 2 (P2):** September 2025 – February 2026

Additional Notes

At the time this report was issued 1-StopAsia has no commercial gain from cited platforms and tools in it. All observations are made only on data analysis and trends followed across anonymized internal data.



This report is not a projection or a survey. It is a direct reading of what language operations outsourcing actually looked like over twelve months in production, in communication, and in quality governance.

2. Executive Summary

Six headline findings define the March 2025 – February 2026 localization period. Each is documented in detail in the sections that follow.

Finding 1: The growth engine is internal, not external.

Volume growth for the layer of the localization industry 1-StopAsia covers is driven by the deepening of legacy partnerships rather than the acquisition of new clients. Existing LSP relationships are routing a wider range of end-client portfolios through a smaller number of production partners. This mirrors a broader enterprise vendor consolidation trend documented across industries by other published localization reports.

Finding 2: TMS platform migration is complete at the enterprise level.

~85% of project intake in P2 was handled via automated platform dashboards (Phrase, Smartling, XTM), up from ~75% email-based in P1. Platform fluency is no longer a differentiator, it is a prerequisite for inclusion in enterprise workflows.

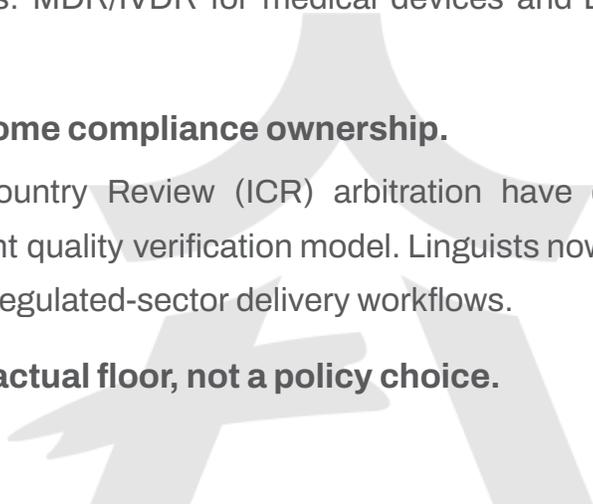
Finding 3: Life Sciences and FinTech are the fastest-growing verticals.

Life Sciences grew +147% and FinTech +114% in word volume. The primary drivers are EU regulatory compliance obligations: MDR/IVDR for medical devices and EU AI Act filings for financial services.

Finding 4: Quality control has become compliance ownership.

Linguistic Sign-Off (LSO) and In-Country Review (ICR) arbitration have displaced standard proofreading as the dominant quality verification model. Linguists now function as the final compliance checkpoint in regulated-sector delivery workflows.

Finding 5: AI prohibition is a contractual floor, not a policy choice.



Written attestation of human-only production is now a standard term in regulated-sector vendor agreements. Violation triggers immediate rejection and payment cancellation. The policy applies regardless of language pair, content type, or volume.

Finding 6: Service complexity has deepened across all verticals.

The industry has moved from generalist document translation to specialist compliance verification, continuous content pipelines, and infrastructure-grade delivery. TEP alone is no longer sufficient for enterprise procurement criteria.

3. Industry Snapshot: Two Periods Compared

The table below provides a direct comparison of the two analysis periods across seven operational dimensions, illustrating the structural shift that occurred between P1 and P2 of the analysis window.

Dimension	March – August 2025	September 2025 – February 2026
Primary Services	High-volume TEP, LQC, ISO 18587 MTPE	LSO compliance, ICR arbitration, complex DTP
Technology Landscape	Across, Trados, MemoQ - file-based workflows	Phrase, Smartling, XTM - self-service dashboard assignment
Quality Threshold	Standard QA / Xbench spot-checks	Mandatory LQA frameworks + multi-stage arbitration
Communication Channel	Email threads with attached deliverables	Portal-only on client side
Partnership Dynamic	Volume-driven legacy partnerships	Legacy partnerships deepening into new end-client portfolios
Leading Vertical	Technical & Manufacturing (~250,000 words)	Life Sciences & Medical (+147% growth)



Dimension	March – August 2025	September 2025 – February 2026
AI Policy	Informal / case-by-case	Formalized prohibition with written attestation required

4. Finding 1: The Consolidation Shift: Depth Over Breadth

The most strategically significant finding in this report is also the one least reflected in traditional localization performance metrics: volume growth is overwhelmingly driven by the deepening of existing partnerships, not the acquisition of new ones.

Across the full twelve-month analysis period, primary LSP partner activity was concentrated in legacy relationships e.g. partnerships with established production histories. Long-standing partners activated new automated dashboard environments for expanded end-client portfolios, internal teams transferred accounts between regional offices generating new-account-style communications within existing agreements, and the production engine moved from serving an increased by 20% number of brands, all through the same underlying partner base.

The growth story of this period is not about new doors opening. It is about existing doors opening wider and changing the operational way LSPs process their own work.

Why This Matters for Procurement

This finding has a direct implication for how enterprise localization buyers structure their vendor strategies. The data is consistent with a broader cross-industry trend toward vendor consolidation: according to research cited by SAP (2025), 68% of technology



leaders are actively planning to reduce their vendor landscape, with most targeting a 20%+ reduction in vendor count. [1]

In localization specifically, the [Nimdzi 100 \(2025\)](#) published in their report and documentation, observed continued consolidation at all tiers of the market, with legacy LSPs deepening platform integration and end-client portfolio management rather than growing through new relationships.

Procurement implication: The competitive advantage in the current market is not breadth of vendor relationships, but depth of integration with trusted existing ones. Platform fluency, compliance capability, and production history are the criteria on which enterprise vendors are now effectively selected and retained.

5. Finding 2: TMS Platform Migration: The New Infrastructure Floor

The most operationally “significant” shift across the analysis period was the near-complete migration from email-based project management to automated, cloud-based Translation Management System (TMS) workflows. This is not a technology preference story but a palpable change of infrastructure. Clients have restructured their production environments around self-service platforms, and the expectation is that all vendors operate natively within them.

Platform Shift Data



Feature	Period 1 (Mar–Aug 2025)	Period 2 (Sep 2025–Feb 2026)	Observed Shift
Dominant Platforms	Across, Trados, MemoQ, Phrase, XTM	Phrase (Memsourc), Smartling, XTM, Helix	Cloud-first platforms
Intake Method	~75% email-based handoffs	~85% automated dashboard assignments	Significant automation uplift
Assignment Model	Manual email confirmation	Direct platform login — accept/decline	Self-service becomes standard
File Delivery	Email attachments standard	Portal-only uploads (ShareFile, Job Attach.)	Regulated-sector prohibition on email

The Three Dominant Platforms (Period 2)

3. **Phrase (formerly Memsourc):** The leading enterprise platform for automated project intake. Vendors log in directly to accept or decline task assignments and email confirmation is eliminated. Continuous notification models push projects in real-time.
4. **Smartling:** Primary platform for high-stakes visual localization and continuous content workflows. Features Job Attachments for reference delivery, eliminating email-based file transfer for regulated-sector clients. Email attachment prohibition is now standard across Smartling-based accounts.
5. **XTM:** Consistent top-tier tool across both periods for large-scale enterprise workflows. The 'Marking Green' segment verification requirement, confirming ICE match status, adds structured compliance steps to standard delivery that must be understood natively.

Four Operational Consequences of Migration

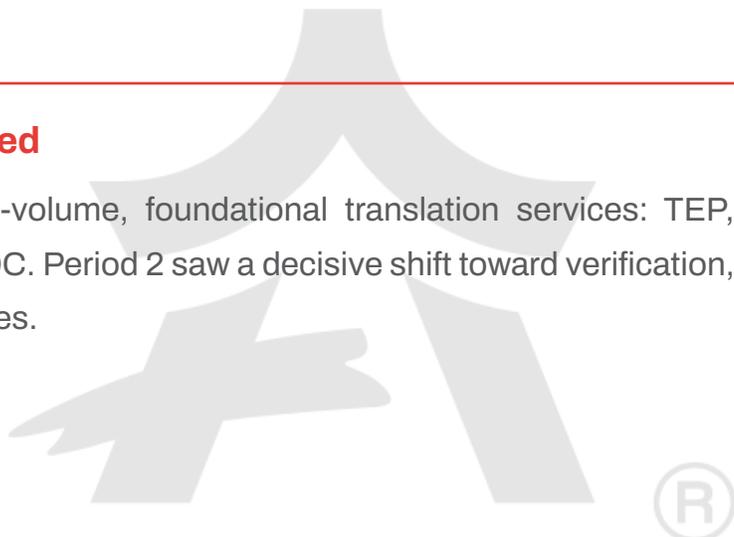
- ▶ Scope automation: ~25% rise in automated exclusion of 101% matches (ICE segments) from billable scope. It is platform-configured by clients, not negotiated per project.
- ▶ Infrastructure overhead: ~15% increase in engineering support specifically token resets, expired credentials, and locked segments in client-controlled cloud environments.
- ▶ Visual-first references: 25% increase in the use of live UI screenshots as primary reference material, replacing static style guides.
- ▶ Secure delivery only: Regulated-sector buyers prohibit email attachments entirely, mandating portal-only uploads via ShareFile, Smartling Job Attachments, or equivalent.

Market signal: Vendors who cannot operate natively within widely adopted platforms seamlessly, including tasks like credential management, segment status verification, and portal-only delivery are increasingly excluded from enterprise assignment flows regardless of quality credentials.

6. Finding 3 & 4: Service Evolution: From Volume to Compliance Ownership

6.1 How the Service Mix Changed

Period 1 was characterized by high-volume, foundational translation services: TEP, MTPE to ISO 18587, and standard LQC. Period 2 saw a decisive shift toward verification, compliance, and arbitration-led services.



Period 1 Services (Mar–Aug 2025)	Period 2 Services (Sep 2025–Feb 2026)
TEP (Translation, Editing, Proofreading) (dominant)	Linguistic Sign-Off (LSO) compliance-grade final verification
MTPE to ISO 18587 (Machine Translation Post-Editing)	ICR Arbitration: evaluation of client-side reviewer feedback
LQC (Linguistic Quality Control)	LQA Framework Management: live shared sheet oversight
Glossary & TM Management	Delta / Incremental Updates: regulated document versioning
"Façade" marketing workflows (emerging)	Complex DTP: Asian-language regulatory typesetting

6.2 The Rise of Linguistic Sign-Off (LSO)

The most significant service-level change across the period is the emergence of Linguistic Sign-Off* as a primary workflow. LSO is not a proofreading service, it is a compliance verification role in which a linguist confirms that a deliverable meets all technical, regulatory, and formatting requirements before client sign-off. In regulated-sector accounts (Life Sciences, Legal, FinTech), LSO has become the decisive step in the delivery chain.

The practical consequence is that linguists in these workflows now function as compliance owners, not just language professionals. They are responsible for verifying that segment statuses are correctly marked in the TMS, that reference materials have been consulted and evidenced, that QA error flags have been reviewed and commented upon, and that the deliverable is technically ready for the client's regulatory documentation process.

***Note:** LSO (Linguistic Sign-Off) is not a new service for 1-StopAsia, but rather a service supported for many years already, however, now the spike is significant enough across all client base to be outlined as an emerging trend). Additionally, this service is not word-count based but one of the services that is under the hourly-based price model.

6.3 ICR Arbitration: A New Category

In-Country Review (ICR) Arbitration emerged as a distinct service category in Period 2. When enterprise clients route translated content through their own in-country reviewer networks, discrepancies arise between the translator's choices and the reviewer's preferences. Arbitration requires a senior linguist to evaluate each disputed segment, document the linguistic rationale, and produce an audit-ready decision record. This is a specialist function requiring subject-matter expertise, regulatory awareness, and formal dispute documentation skills that sit outside the scope of standard translation services.

Procurement implication: Vendor evaluation criteria for regulated-sector accounts should now explicitly include LSO capacity, ICR arbitration experience, and compliance documentation capability — not just word-volume throughput or language pair coverage.

7. Finding 5: Volume by Vertical: Where the Demand Is Moving

The table below presents anonymized word-volume data across seven industry verticals for both analysis periods. Growth rates are calculated against Period 1 baselines. The data is sorted by growth rate.

Vertical	P1 (words)	P2 (words)	Primary Driver	Growth
Life Sciences & Medical	~85,000	~210,000	IVDR/MDR compliance, SaMD	+147%
FinTech & Finance	~35,000	~75,000	EU AI Act filings, trading app	+114%
Marketing & E-commerce	~120,000	~195,000	Daily workflows, hero image loc.	+62%

Vertical	P1 (words)	P2 (words)	Primary Driver	Growth
Public Sector & NGO	~55,000	~80,000	Election materials, crisis comms	+45%
Legal & Compliance	~45,000	~65,000	ABAC policy, audit-ready certs.	+44%
IT & Software	~110,000	~95,000	Shift to continuous localization	-13%
Technical & Manufacturing	~250,000	~215,000	Manuals to interactive training	-14%

7.1 Life Sciences & Medical: +147%

The single largest growth vertical. The primary demand driver is regulatory compliance: EU MDR (Regulation 2017/745) and IVDR (Regulation 2017/746) require manufacturers to translate all device labelling, Instructions for Use (IFU), and Summary of Clinical Performance documentation into the official languages of each EU member state where a device is marketed. The August 2025 Rev. 3 update to the MDR language requirements table maintained these obligations in full. [5]

Service complexity in this vertical went well beyond standard document translation. Period 2 activity included surgical robot manuals, Software as a Medical Device (SaMD) localization, IVDR-compliant IFU packages, and video content with timecode-adjusted text shortening. LSO was the standard final step in all regulated device content.

7.2 FinTech & Finance: +114%

The second-highest growth vertical. The EU AI Act (Regulation EU 2024/1689) is a material driver: prohibited AI practices became enforceable in February 2025, GPAI model obligations began in August 2025, and full enforcement of high-risk AI system obligations is scheduled for August 2026 with penalties of up to €35 million or 7% of global annual turnover for violations. [6] Financial services firms facing these obligations



require legally precise, audit-ready translations of compliance filings, risk assessments, and disclosure documents.

Additional FinTech demand came from real-time trading application localization, investor handbook production, and secure NMT deployment for banking interfaces, all requiring portal-only delivery and written human-production attestation.

7.3 Technical & Manufacturing: -14%

The highest-volume vertical by absolute word count in P1 declined in P2 but project count rose. The explanation is structural: enterprise technical content is migrating from static manuals and installation guides to interactive training modules, e-learning content, and continuous-delivery software environments. Word count per project is falling as content becomes modular; but production complexity and time investment per word is increasing.

7.4 IT & Software: -13%

A similar pattern to Technical & Manufacturing. Standard UI string translation declined as continuous localization pipelines and micro-localization workflows absorbed the same content with smaller per-file volumes. AI data curation requests e.g. annotation, validation, training data production emerged as a distinct IT vertical activity in P2.

9. Strategic Implications for Buyers

Based on the twelve-month dataset and cross-referenced external evidence, four strategic implications are relevant for enterprise localization buyers in 2026 and beyond.

9.1 Assess Your Vendors for Platform Fluency, Not Just Language Pairs

With ~85% of enterprise intake now flowing through Phrase, Smartling, XTM, and equivalent platforms, the first-order qualification criterion for production vendors is no longer language coverage, it is **platform operability**. Vendors who cannot manage credentials, handle token resets, and deliver via portal-only workflows will increasingly fail at the infrastructure layer before quality is even evaluated.



Procurement teams should add platform fluency requirements explicitly to vendor qualification frameworks by specifying which TMS environments must be supported natively and what credential management capabilities are required.

9.2 Build LSO and Compliance Verification Into Scoping, Not QA Reviews

Linguistic Sign-Off is now a primary production activity in regulated sectors, not a QA add-on. It adds time, specialist resources, and compliance documentation requirements that are distinct from standard translation verification. Scopes of work for Life Sciences, Legal, FinTech, and Public Sector accounts that do not explicitly include LSO, arbitration capacity, and compliance documentation are systematically under-specifying what the work actually requires.

9.3 Treat EU Regulatory Timelines as Localization Planning Inputs

The EU MDR/IVDR localization obligations and the EU AI Act enforcement timeline are direct demand drivers for specific translation and compliance services instead of background context. The August 2026 AI Act high-risk system deadline and the ongoing MDR/IVDR notified body certification process will continue to generate substantial localization demand in Life Sciences, FinTech, and Legal verticals for the foreseeable future. Organizations planning global product launches or compliance submissions in EU markets should model these timelines into localization programme planning.

9.4 Formalise AI Policy Requirements in Vendor Agreements

The data shows that AI prohibition clauses with written human-production attestation are now standard contractual terms in regulated-sector localization agreements — not special provisions. Organizations that have not yet formalised these requirements in their standard vendor terms are behind market practice. Given the penalty structure of the EU AI Act and the liability implications of AI-generated content in regulated documentation, this is a contractual gap worth closing proactively.

The enterprise localization market in 2026 rewards depth over breadth: platform integration, compliance capability, and trusted



production history are the operating criteria. Volume capacity alone is not a differentiating characteristic.

10. About 1-StopAsia

1-StopAsia is aiming to be a multilingual production engine with over 25 years of operational history, serving a global client base of 700+ Language Service Providers. Headquartered in Los Angeles with production hubs in Bulgaria, Mexico, Japan, Korea, and Thailand, 1-StopAsia provides ISO-certified translation, localization, and linguistic quality assurance services designed for integration into enterprise TMS environments and compliance-grade delivery pipelines.

700+	4500+	25+	10,000+
clients globally	Projects intake monthly	Years in operation	Words delivered daily

Certifications

- ▶ ISO 9001:2015 — Quality Management Systems
- ▶ ISO 17100:2015 — Translation Services Requirements
- ▶ ISO 18587 — Machine Translation Post-Editing
- ▶ ISO 27001 — Information Security Management

Capabilities

- ▶ Native operation in Phrase, Smartling, Trados, MemoQ, XTM, Across, and 15+ TMS platforms
- ▶ Asian language production at core: Chinese, Japanese, Korean, Thai, Vietnamese and etc., 50+ other language pairs across Asia and worldwide on demand
- ▶ LSO, ICR Arbitration, LQA Framework Management, and compliance-grade DTP



- ▶ Clients include: Enterprise LSPs operating globally across Life Sciences, FinTech, Legal, IT, Public Sector and others.

www.1stopasia.com | info@1stopasia.com | +1-213-480-0011

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