

— LOCALIZATION WORKFLOWS

Custom localization workflows in 2026 / 2027

An industry sorting itself into three distinct buyer types and the operating model each one needs.

BY

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Smart tools.
Smarter people.

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An industry sorting itself out

The localization industry has undergone a structural shift in the last two years. AI tools have flooded the market, client expectations have accelerated, and Language Service Companies have raced to adapt.

The result is an industry sorting itself into three distinct buyer types: enterprises building in-house workflows, companies outsourcing to a specialist LSC partner, and mid-sized clients buying off-the-shelf services. Each type requires a different operating model, and the wrong choice costs companies real money. This paper outlines what those three groups look like in 2026, what each one should prioritize, and where a specialist LSC partner fits across all three.



GROUP ONE

Enterprises building in-house

High volume justifies an internal team. The LSC augments, not replaces.



GROUP TWO

Outsourcing to a specialist partner

A custom workflow built by the LSC; the client keeps control of the metrics.



GROUP THREE

Buying off-the-shelf services

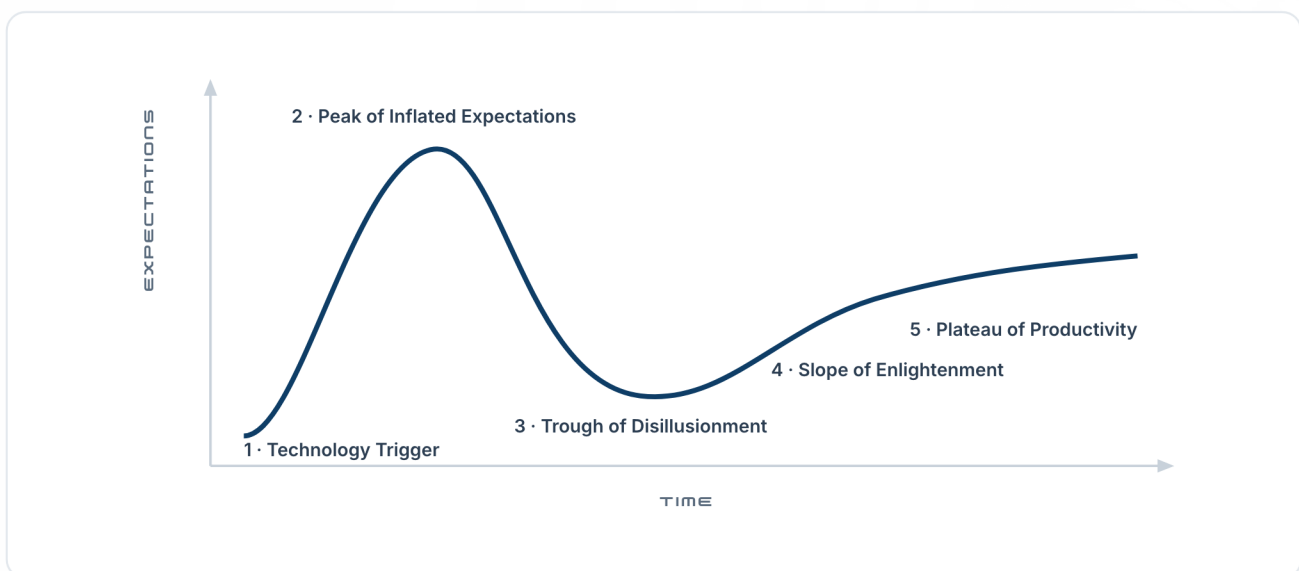
Set the goals, let the LSC deliver against them with a configured process.

01 The upheaval of the localization industry

The upheaval of the localization industry has been a wonder to both observe and endure. Years ago, Compass Languages knew that AI technology and tools would eventually penetrate workflows in the industry. Both we as implementors and clients as recipients would carefully introduce these technologies with abundant safeguards (experts-in-the-loop) to protect everyone's best interests. That thinking changed in stunning fashion in the period between 2024 and 2025. From our point-of-view, a tsunami-like wave crashed the industry:

- ◆ A proliferation of AI tools flooded the market — boosted by huge amounts of private investment. New AI applications entered the market every week, sometimes every day.
- ◆ The allure of instant gratification by clients — a push toward a one button solution to instantly localize all content in any language being pressed at an astonishing rate.
- ◆ Language Service Companies (LSCs) jumping into AI tools in order to remain relevant in pricing against LLMs and other AI models.

A recipe for a complete disruption. And we may be only in the early stages of the complete wave. Artificial Intelligence has become the label of everything associated with sifting huge data sets and the automation of processes. Yet, we have only begun on the "learning" aspect of software in which AI produces its own creative outputs, sensory agents test its applications, and then the software refines itself accordingly. In the rather popular Technology Hype Cycle created by Gartner, we predict that AI applications are in early stages of their "Slope of Enlightenment" with a longer than normal upward journey yet to come.



02 The state of 2026 localization workflows

So, what is the state of 2026 localization workflows and the role of traditional Language Service Companies (LSCs) at this point of the AI revolution? First, Compass sees localization clients gravitating into three general groups.

1 In-house enterprise

— CHARACTERISTICS OF WORKFLOW

Sophisticated localization products, high volume of activity (daily) involving 10 to 40+ languages; clients own custom in-house AI-driven workflows (multiple) for a variety of content (text, strings, video, images, eLearning, etc.), fast turnarounds requiring 24/7 operations and management. Performance metrics focused on getting multiple AI tools improved in accuracy and broadened scope of applications. Contrary to initial expectations that automated workflows would be accompanied by lower expectations for quality and engagement appeal, client requirements have remained on the same high level — in many cases, even increased.

— ROLE OF THE LSC

Perform QA (accept/reject) on outputs generated by client AI processes; provide specific localization tasks not performed by AI (e.g., video OST, studio voiceover, etc.); perform linguistic/engineering editing on AI outputs to meet quality standards; and, perform annotation measures to improve AI tools.

WHAT THIS MEANS FOR YOU

If you're in this group: Your spend justifies an in-house team, and your volume demands one. The work to focus on is choosing where AI handles the heavy lift and where human experts protect quality. Look for an LSC partner who can plug into your existing workflow rather than replace it, perform QA on AI outputs, and handle the multimedia tasks that AI still can't do well (studio voiceover, complex on-screen text, graphic adjustments). The goal is augmenting your internal capability, not duplicating it.

2 Outsourced, client-controlled, custom-built platform

— CHARACTERISTICS OF WORKFLOW

Multi-faceted localization platform custom-built to specific client requirements and content types; platform acts as middleware directing content to one of several workflows each with dedicated AI tools and unique QA checks; human experts are seamlessly woven into processes to produce performance metrics exactly matched to customer expectations; global project requests highly organized and controlled; repository of localized products available for client resources world-wide.

— ROLE OF THE LSC

Build platform around client's unique content types and requirements; establish blended operational management (client + LSC) with the client in control of AI tool choices and all performance standards; provide engineering support to client in integration of workflow products back into client's delivery systems; continually evaluate new AI tools and fine-tune localization processes; provide various human expert editing skills to meet quality standards; provide impact analysis of localized products to determine effectiveness of text + visuals.

WHAT THIS MEANS FOR YOU

If you're in this group: Your spend is in the 50K to 1M range, and you have the volume to justify a dedicated localization manager but not a full engineering team. The right move is partnering with a specialist LSC who builds a custom workflow around your content types, integrates with your delivery systems, and brings the engineering and AI expertise you don't want to hire internally. Look for a partner who lets you keep control of performance metrics and AI tool decisions while they handle the architecture and continuous improvement. That balance is where the partnership actually pays off.

3 Outsourced workflow controlled by the LSC

— CHARACTERISTICS OF WORKFLOW

Lower project volumes make it efficient to outsource the workflow and management of localization processes; achieve performance goals by investigating cost and schedule drivers in LSC's best processes; request annual briefing from LSC on how new AI tools and improved human skills can deliver higher performance standards semi-annually.

— ROLE OF THE LSC

Use internal TMS, AI tools, and workflows to generate best performing localization services; assure automated integration of localization outputs into client's CMS or LMS; incorporate appropriate AI tools to provide cost and schedule efficiencies; keep client informed of industry workflow techniques that can improve performance.

WHAT THIS MEANS FOR YOU

If you're in this group: Your spend is under 50K per year and localization is managed by content teams in Marketing, Training, or Operations rather than a dedicated specialist. Set clear performance goals for quality, price, and turnaround, and let the LSC choose how to deliver against them. The most common mistake at this size is switching vendors every time something goes wrong. Look for an LSC who understands your content types, configures their off-the-shelf workflow to fit your needs, and stays consistent enough to learn your brand over time. Consistency compounds.

03 When volume justifies building in-house

Localization volumes, and the revenue value of the products created, drive the decision to build in-house processes versus out-sourcing. For eCommerce enterprises with tens of thousands of suppliers and global markets touching millions of buyers, the localization activity justifies in-house build and management of localization workflows. These workflows are 24/7 with project content coming from around the world.

For one enterprise client, Compass processes 5,000 files a week — files of text, images, and videos — localized into more than a dozen languages.

Enterprise-level corporations have such a vast volume of content to localize that it makes sense to hire staff — localization specialists (managers and engineers) — to build and manage internal workflows. Many workflows are designed to be end-to-end AI inputs only and then reviewed post-process for accuracy as accept/reject. Other workflows incorporate human experts at key process nodes to assure a satisfactory outcome at the end. Lastly, some workflows utilize guidelines established by human experts and then allow the technology to produce outputs against the goals/specific requirements. LSCs contribute in several ways to these in-house workflows:

- ◆ Provide human expertise (linguists, engineers, designers) at key process points to edit the output from AI tools. This includes post-editing of LLM outputs to assure glossary and style guide compliance, suitability to the target audience to optimize the engagement and result, final adjustments in DTP, corrections to synthetic voice outputs, and testing the output via validation tools or other techniques to eliminate errors in integration to a client platform.
- ◆ Perform specific functions within multi-media content that cannot be performed by AI tools — e.g., extraction/replacement of complex on-screen text in videos, preferred studio-recorded human voiceovers, or graphic design adjustments in more complex images.
- ◆ Provide training and guiding the AI during the process to achieve maximum impact.
- ◆ Provide annotation services (linguistic, engineering) to train AI models for broader scopes of applications and higher accuracies.
- ◆ Assist in evaluating the capabilities of new AI technologies.

In general, the responsibilities of localization vision, architecture build, AI tool assessments, and meeting performance metrics are all managed internally by the client.

04 A true partnership: build outsourced, metrics owned

There is a growing number of large companies who have sufficient workloads to justify a full-time Localization Manager or small team of managers but do not want the technical responsibility of building and refining workflows around the vast number of AI tools available. They prefer that a specialist LSC, with engineering expertise and a vision for appropriate AI, design and build a custom workflow for their needs.

Although these companies outsource the workflow build and continuing improvements, these same companies want control over the performance metrics. Therefore, the localization process is a true partnership. The client keeps their eye on the critical parameters of impact and ROI while the LSC partner responds with process scope enhancements and continuing execution objectives turnaround, quality, and price.

What a performance-oriented LSC brings to the partnership

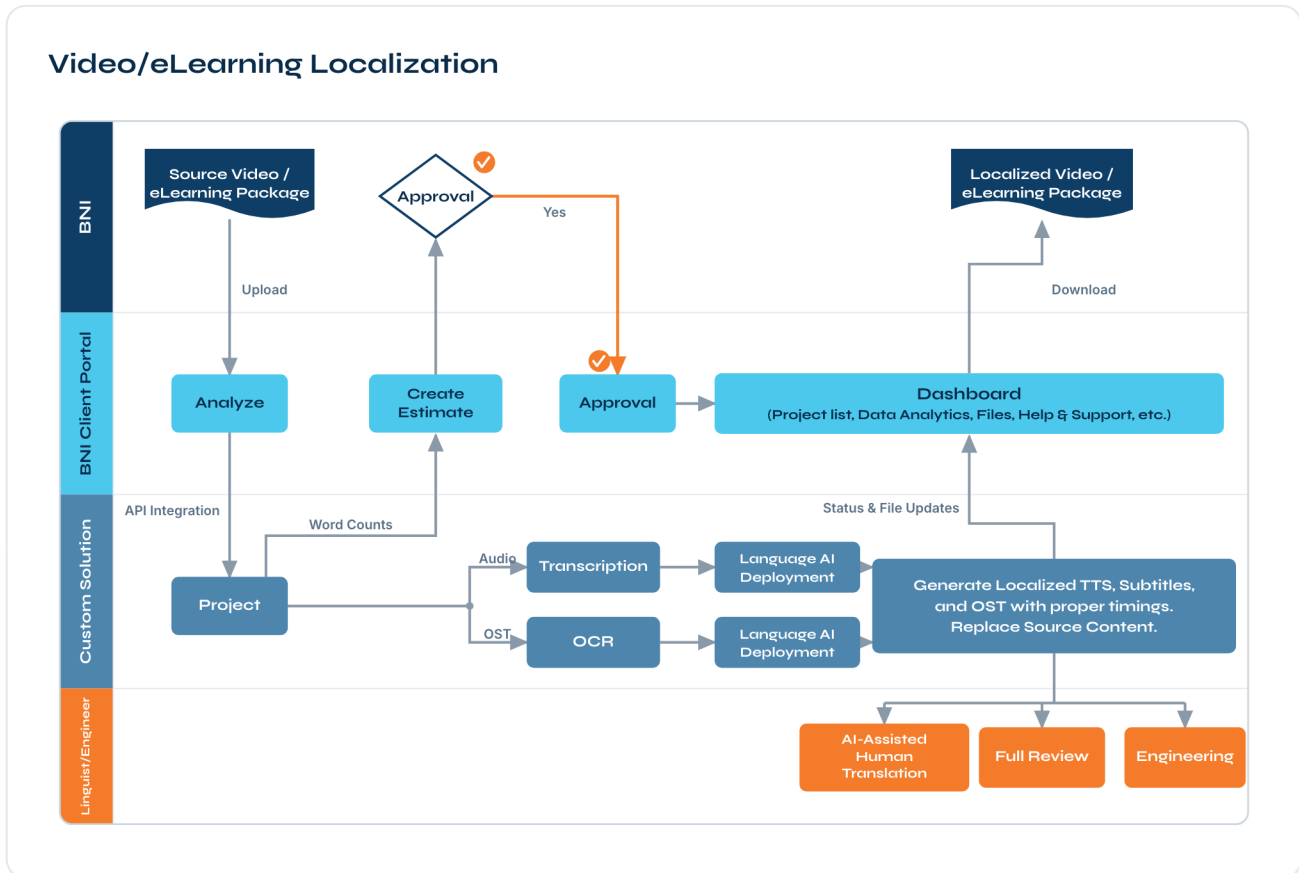
- ◆ Build localization portal for receiving project requests anytime, anywhere.
- ◆ Multiple workflows incorporating best-in-class AI tools are designed for all content types (text, strings, images, videos, eLearning, etc.) and incorporate specific client performance objectives.
- ◆ Each client project request includes performance selection options to establish optimal blend of criteria per project.
- ◆ LSC provides expert human-in-the loop resources for linguistic, DTP, voice, and engineering support to meet project expectations.
- ◆ Platform provides custom features for viewing project progress, deliveries, and repository status.
- ◆ LSC reports on all AI assessments for potential upgrade to workflow. Client approves all AI technology upgrades and improvements.
- ◆ LSC provides impact assessments of localized products as requested by client.

amortized over the year

Since these large corporations are spending \$50,000 to over \$1 million in localization each year, the cost to build and provide continual improvements of this out-sourced system can be amortized over the number of projects. In the case of Compass Languages, we charge nothing for the design in exchange for a basic commitment to spend a threshold (in most cases \$100,000) of dollars on projects during the year.

Behind the portal: a multi-media workflow

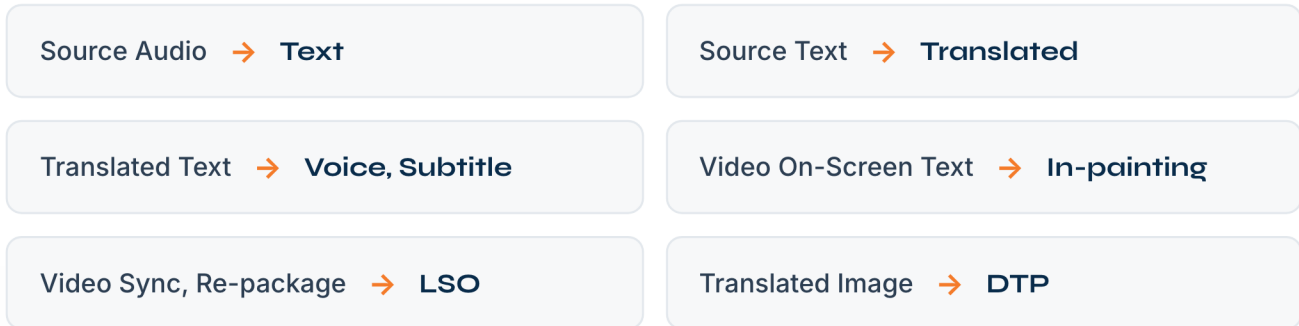
Whereas the client will only see a portal for submitting its projects, and a dashboard for seeing the progress of all projects, behind the scenes are workflows with blends of AI contributions and expert human skill. The schematic below is one example of how a typical multi-media workflow is structured.



05 Off-the-shelf for the mid-market

For medium-sized companies with localization spend less than \$50,000/year, the lower volume of localization usually drives the decision to out-source all workflows and rely on the LSC partner to already utilize appropriate AI models in an off-the-shelf workflow. On the client side, there is not a full-time resource dedicated to localization, but instead, projects are managed by content creation teams within Marketing, Training, Operations, or other departments. Although not a customized workflow, the LSC can configure their own process to incorporate most of the performance parameters being sought.

Just like much larger localization users, the choices for how much effort to invest to edit any of the AI inputs in the workflow remain for the small client:



The cost of switching

Whereas larger clients may want visibility and control over the level of effort at any one of the process steps, smaller clients tend to simply set overall performance goals — quality standards, price targets, delivery targets and let the LSC decide how to adjust their process to deliver. This situation often leads to frequent switching of LSC vendors since knowledge of localization processes is more of a basic transactional arrangement or simple trust.

06 What we see in the 2026 industry

Here is the summary of what we see in the 2026 localization industry:

01

Currently, almost every localization workflow will include multiple AI tools to perform the heavy-lift of text/image/video/sound transformation into a new language. Where AI output falls short of desired quality outcomes, human specialists are contracted to modify/edit the output to the degree in which price and schedule targets are not compromised.

02

Enterprise clients who spend millions of dollars annually on localization into dozens of languages will build their own in-house workflows. This means the hiring of internal localization staffs consisting of project managers, engineers, solution architects, and linguists (for QA purposes).

03

Large localization clients in the range of \$50,000 to over \$1 million, normally choose to hire internal localization project managers but not engineering, solutions architecture, or linguistic talent. Instead, they partner with an LSC who can build custom workflows exactly to the performance goals of the client. These clients still exert control over process steps, AI models utilized, and the human inputs needed to achieve performance. The LSC is contracted to provide the human experts to assure performance goals are met.

04

Medium and smaller-sized clients (< \$50,000) will normally outsource localization projects to a preferred LSC who simply delivers the cost/schedule/quality standards required.

At Compass, we work across all three of these segments. Each one looks different in practice, and the right workflow depends entirely on the volume, content types, and performance goals specific to your organization. If you're trying to figure out which model fits where you are now, or where you need to be in twelve months, we'd be glad to walk through it with you.

— YOUR NEXT MOVE

Schedule a workflow consultation with our team

Tell us your volume, content types, and performance goals — we'll walk through which of the three models fits where you are now, and where you need to be in twelve months.

Visit compasslanguages.com to learn more



GS

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Gary brings a background in aerospace engineering and global operations across agricultural development in Belize, Honduras, and Zimbabwe before stepping into the language services industry. He now leads Compass's operations, partnering with enterprise clients on the localization workflows behind some of the largest global brands.