

The Truth About Language Service Providers

A BRIEF GLIMPSE AT WHAT YOU'RE NOT BEING TOLD...





Look Before You Leap

Choosing a language service provider (LSP) isn't easy. You must weigh each provider's costs, capabilities, experience, and reputation. But you must also consider their business practices.

The industry's most commonly overlooked practice is the use of independent contract interpreters. Yet there are a multitude of dangers that lie hidden just beneath the surface of the provider-interpreter relationship, dangers which can have catastrophic consequences.

Providers may also seduce you with bargain basement prices and pray you don't ask questions about another common practice, the outsourcing of calls. Outsourcing can be detrimental to line quality, data security, and legal compliance.

*It's vital that you ask questions.
The future of your business could depend on it.*

Our Government is on the Warpath

Like any business, an LSP is legally required to withhold employee taxes and make unemployment and disability insurance contributions, unless those workers are independent contractors. Consequently, more and more providers are classifying their interpreters as contractors. In many cases, they're violating labor and tax laws.

Now, government agencies are taking notice. Thanks to a crippling recession and lower tax revenues, these relationships are being closely scrutinized. Governmental agencies are pursuing aggressive, new plans to audit companies for employee misclassification, and they're cracking down on all parties involved. That could mean you.

You could be a joint employer and not even know it

Government agencies often declare service providers and their customers as "joint employers" of misclassified contractors. And the court system backs them up. So if your company uses an LSP that misclassifies its interpreters, it can be held liable for the same financial obligations and penalties as the LSP. Suddenly, businesses have become prime targets for joint employer liability claims brought by government agencies and disgruntled misclassified contractors.

Companies are paying the price

This isn't a speculative concern. It's happening now. Numerous businesses are being prosecuted for employee misclassification. And the resulting fines, back wages, punitive damages, and costly litigation are causing service providers and their clients severe financial hardship and, in certain cases, bankruptcy.

WHAT YOU'RE NOT BEING TOLD ABOUT...

C O N T R A C T O R S

KNOW THE FACTS

Agency cooperation is under way

A recent Government Accounting Office report recommended better coordination among agencies to aid in targeting companies that misclassify employees.

Congress wants better policing

New legislation is in the works (HR3408) that will eliminate the corporate 1099 exclusion, intensify scrutiny, and increase liabilities for misclassification.

The Senate is cracking down

Senator John Kerry (D-Mass.) introduced a bill (S.2882) that would make it even more difficult to classify workers as independent contractors and add new financial reporting requirements.

The IRS isn't pulling punches

Beginning in February of 2010, the IRS will begin auditing 6,000 companies to determine whether they pay all required employment taxes.

Few companies escape scrutiny

During the 2008, the IRS exacted unpaid taxes and penalties in 71% of its misclassification cases.

Estimated yearly tax revenue the U.S. loses due to unreported contractor income:

\$ 35 BILLION

The False Promise of Customer Privacy

LSPs can't require contract interpreters to undergo background checks or sign confidentiality agreements, because doing so would risk misclassification. Yet without proper screening, an LSP jeopardizes the privacy of you and your customers.

In addition, LSPs often don't have adequate resources to service your needs in house. To compensate, they offshore your calls to third parties, leaving security in the hands of unknown organizations.

With no contractor vetting, the use of questionable outsourcing practices, and the absence of accountability, these LSPs simply can't guarantee information security. It's a risky way to do business, and it exposes you to data leaks and identity theft. And few LSP insurance plans are sufficient enough to cover such risks.

WHAT YOU'RE NOT BEING TOLD ABOUT...

P R I V A C Y

KNOW THE FACTS

Contract interpreters strike back

In 2007, disgruntled contract telephone interpreters filed a class action suit against their employer, contacted news networks, and threatened to expose customer information.

Leaks become floods

In 2006, 80 million people were exposed to identity theft due to corporate security leaks.

Mobile communication targeted

Organizations whose employees use mobile devices are in a high-risk group. Mobile devices were the culprits in half of all breaches in 2006.

Careless employees are the cause

The main privacy threat for a business is a lack of discipline among employees. Negligence led to the overwhelming majority of all leaks (77%) in 2006.

Which networks did the disgruntled contractor interpreters contact?

FOX & CNN

Contractors and Compliance Don't Mix

Working with contract interpreters makes it virtually impossible to comply with standard regulations such as The Sarbanes-Oxley Act (SOX) and The Gramm-Leach Bliley Act (GLB).

SOX requires all publicly traded companies to file accurate financial statements with the SEC. However, if your LSP requires its contract interpreters to attend training, work scheduled hours, or sign confidentiality agreements, those interpreters may be employees misclassified as contractors. Such a misrepresentation could impact the accuracy of your own financial statements, and your company could be held liable for non-compliance.

In addition, if your LSP uses contract interpreters who haven't signed confidentiality agreements, your company will be in violation of GLB.

WHAT YOU'RE NOT BEING TOLD ABOUT...

COMPLIANCE

KNOW THE FACTS

SOX violation doesn't pay

Non-compliance penalties range from the loss of exchange listing, to loss of Directors & Officers insurance, to multimillion-dollar fines and imprisonment.

Captains go down with the ship

Any CEO or CFO who knowingly and willfully submits an incorrect certification is subject to a fine of up to \$5 million and imprisonment for up to twenty years.

The lawyers are licking their chops

The attorney generals of several states are creating special task forces to pursue and prosecute companies in violation of regulatory laws.

The maximum sentence for SOX violations:

20 YEARS

When LSPs Cut Corners, Quality Suffers

The three things with the greatest impact on your quality of service are network ownership, interpreter training, and staff scheduling. (Remember, training and scheduling of contract interpreters is rare due to the misclassification risks.)

If your LSP doesn't own and operate its own systems, it could be relying on multiple third-party providers. When that happens, your customers are likely to experience poor line quality, connection delays, and dropped or misdirected calls.

When your LSP uses untrained contract interpreters, your customers may be forced to tolerate inefficient communication, unprofessional behavior, and longer call times. And if contractors aren't scheduled, your customers may encounter interpreter availability issues or intolerable wait times.

In such environments, consistent, reliable, quality interpretation services are uncommon.

WHAT YOU'RE NOT BEING TOLD ABOUT...

CALL QUALITY

KNOW THE FACTS

What you don't see is what you get

It's virtually impossible for a company to scrutinize the recruitment practices, training protocols, accreditations, and qualifications of contract and offshore interpreters.

Broken English compromises quality

Offshore interpreters frequently exhibit a deficiency in English skills that results in inaccurate interpretation, longer calls, and higher call costs.

Estimated time wasted, but billed for, during the average mishandled call:

9 M I N U T E S

Questions on Scalable Service Get Questionable Responses

The ability to scale interpretation services to your needs is critical. So you should ask potential LSPs if they have the necessary resources and procedures, such as volume surge staffing, to handle seasonal increases and the unpredictable spikes in call volume that occur during earthquakes and other national disasters.

Also, ask your LSP if it has any measures in place for service outages and regional emergencies. Ordinarily, it takes multiple operational hubs and global call centers to provide the kind of redundancy necessary to manage service disruptions and quickly re-route calls. Keep in mind, even minor storms routinely cause service disruptions. So having a solid contingency plan in place is essential.

Ideally, your LSP would offer full redundancy and a 100% satisfaction guarantee. But many don't.

WHAT YOU'RE NOT BEING TOLD ABOUT...

SCALABILITY

KNOW THE FACTS

After the towers fell, demand skyrocketed

In the weeks following the 9/11 FEMA deadline, New York City experienced a spike in interpretation demand unlike any it had ever seen before.

Florida call centers caught unprepared

The violent 2004 hurricane season caused several call center shutdowns throughout Florida, leaving customers nowhere to turn.

Call volume increase following 1992's Hurricane Andrew and 1994's Northridge Earthquake:

300%

It's 10am. Do You Know Where Your Calls Are?

As we mentioned, many LSPs rely on third-party, offshore organizations to fulfill their service claims and promises. For instance, a call can be answered by one LSP in the UK, get transferred to a secondary provider in the U.S., and end up being serviced by another provider in South America. If your LSP outsources its calls, it's virtually impossible to maintain any semblance of control.

You surrender quality control, data management control, and control of customer privacy. You're at the mercy of interpreters with unknown skills and qualifications. The risk of data loss is inherently higher when working through a chain of outsourced providers. And information security is fragile at best, especially when you consider that U.S. customer protection laws are unenforceable overseas.

You also have little control over costs when working with LSPs that outsource, because poor service quality and cumbersome communication lengthens average call times and, inevitably, call costs.

WHAT YOU'RE NOT BEING TOLD ABOUT...

CALL CONTROL

KNOW THE FACTS

Third-parties play by different rules

U.S. laws that protect customer information—such as The Gramm Leach Bliley Act—aren't enforceable overseas. If a privacy issue arises, your company has little recourse.

Time saved by decreasing the number of times a caller is transferred:

60 - 120 SECONDS

One False Move can Blindside your Brand

An organization can do unexpected harm to its business simply by associating with an LSP that misclassifies its interpreters. The IRS considers the misclassification of workers as tax evasion. In some states, the courts view it as criminal conduct. And the public sees it as profit-driven exploitation.

Misclassified workers and government agencies frequently take their grievances to court, filing lawsuits against service providers and the businesses that benefit from their services. And such lawsuits almost always generate damaging headlines.

When an accused service provider's partners are exposed, those companies' customers, shareholders, and the community at large often judge them guilty by association. Such companies are also likely to draw greater scrutiny from the IRS.

WHAT YOU'RE NOT BEING TOLD ABOUT...

PR NIGHTMARES

KNOW THE FACTS

FedEx Ground gets grounded

After reaching a settlement with drivers, being sued by the IRS, and having the suit overturned, FedEx is now being pursued by 8 state attorney generals, all of which has been widely reported in print and online.

Grocery giants grab headlines

Albertson's, Von's, and Ralph's hired a janitorial services provider that misclassified its workforce, were publicly accused of worker exploitation, and settled for \$22.4 million.

Department of Justice stalks Walmart

Walmart settled with the Department of Justice for \$11 million after hiring a janitorial service that employed misclassified workers.

How long did Walmart remain under public scrutiny by the Department of Justice?

4 YEARS

Be Wary of Low-Cost LSPs

Don't make the mistake of thinking all LSPs are alike. They're not. If a price seems too good to be true, it should quickly raise a red flag because, for almost every low-ball price, there's a revealing reason behind it.

Some LSPs retain contract interpreters to sidestep paying taxes. Others hire unqualified interpreters so they can pay low wages. And a great number of them rely on third-party organizations to deliver the service they can't. Lowering operational costs in such dubious ways allows them to undercut reputable competitors while maintaining their own opportunistic margins.

But cutting corners has nearly bankrupted a few major LSPs, landed others in dire financial circumstances, and cost the companies who hire them dearly, in back taxes, penalties, and bad PR.

Why We're Telling You This

Language Line Services created the over-the-phone interpretation industry. We are truly passionate about language interpretation and its profound influence in our progressively multicultural society.

From our humble beginning as a community service, and through our 28 years of dedicated service, we've watched the industry flourish. We've seen firsthand the many benefits it provides to limited-English speaking customers, patients, and citizens. And we've witnessed the tremendous impact it has had on businesses and organizations everywhere.

But now we see an alarming trend—the willingness among a growing number of language service providers to compromise their quality and to risk your company's welfare in pursuit of a quick buck. And many of these same providers aren't being very forthright with you about the way they do business.

We feel it is our obligation to warn you. Our hope is to prevent your business from finding itself in some undue predicament, and to help restore our own industry's integrity in the process. In that spirit, we are including a brief list of questions with this booklet that you should pose to any LSP with whom you're considering doing business.

We believe you deserve excellent service for a fair cost. We also believe you're entitled to the truth.

To help you make an informed educated decision we've included a quick reference guide entitled -
The 10 Questions You Should Ask Any Language Service Provider.



Language Line
services

www.LanguageLine.com

Language Line Services
World Headquarters
One Lower Ragsdale Drive, Building Two
Monterey, CA 93940 USA
1-800-752-6096

