Unleashing the true power of APIs

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Over the last decade APIs have steadily become a critical IT component. APIs are now the glue that binds the extended ecosystem of customers, employees, suppliers and partners. It is the centerpiece of every growth strategy – from boosting online sales, to order management, payment processing, enabling social media integration and a host of other business requirements that impact customer experience, build new revenue channels, grow market share and improve business margins. With such broad impact, it isn't surprising that APIs are at the forefront of every CIO and CxO's digital strategy.

Global pioneers like Amazon, eBay, Salesforce, AirBnB, Uber, Netflix, New Zealand Post and News Corp are classic examples of businesses that have powered their way to success on the back of APIs. With the evolution of Industry 4.0, and especially with the rise of the IoT, manufacturing, retail, telecom, banking and financial services are quickly getting into the act.

The rise of APIs across industries

Recently published research by the Boston University Questrom School of Business Research titled "The Role of APIs in Firm Performance" suggests that a quick way to assess an organization's chances of creating disruption are by measuring the amount of data that flows through its APIs[1].

Manufacturing: As the IoT plays a larger role in shaping manufacturing, the industry will want to monetize the availability of real time data. APIs that communicate with and connect software components, and transact data between them, will give rise to new types of automated order management; proactive maintenance of field equipment, reducing down time; and the ability to provide executives with data and insights in real time leading to sharper decision making.

As an example, in the automotive segment connected cars are helping expose application functionality and data that connects insurance companies, financial services, OEMs, car maintenance and spare parts providers, etc., to create innovative and frictionless revenue opportunities.

Retail: Retailers like Amazon[2] and eBay[3] have been using APIs to quickly add affiliates and introduce new products. Affiliates use widgets (APIs) that help them display products, change descriptions and pricing, connect with logistics/shipping providers and communicate with customers without writing a single line of code. By connecting social feeds to their online stores, personalizing content, improving search and automating several marketing functions using APIs, these organizations have improved customer experience. Retail is rich with APIs – for shipping, taxation, currency conversion, payments, carts management – and is giving rise to novel ways to monetize real time data.

Telecom: The ways in which telecom customers want to use their mobile phones is growing, offering entirely new revenue opportunities: APIs, for example, can help customers check data usage, locate lost/misplaced/stolen handsets, screen calls, authenticate callers,use discount coupons, deliver location-based services, recharge subscriptions and upgrade plans.

Being an extremely competitive and price-sensitive industry, telecom operators can make use of "comparison APIs" that pull up plan details for end customers based on geography, usage, needs and handset type. Comparison APIs are everywhere today. These APIs are building blocks of online services that help shoppers make quick real-time comparisons between prices and features of products, airline tickets, insurance plans, etc. A comparison API in the telecom context would aid customers make better decisions on choosing services and plans offered by operators.

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1. A study of 58 firms in 2016 found that the average firm had 91 billion bytes of API data per month and about 20 million calls: The Impact of APIs on Firm Performance, Boston University Questrom School of Business Research: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2843326

2. https://developer.amazon.com/services-and-apis

3. https://go.developer.ebay.com/

Banking and Financial Services:
Rapid changes in regulatory compliance are just one of the many reasons banks are opting for APIs. APIs may be the single-most important development in the banking and financial services space in recent times, helping the industry integrate with social platforms, partner e-commerce providers and offer entirely new value-added services to customers such as monitoring and analyzing spends, making timely utility payments, personalized shopping offers, filing taxes, making remittances and setting up mobile wallets.

Driven by PSD2 (directive on payment services), Open Banking is set to change the payments landscape in Europe[4]. PSD2/Open Banking makes it mandatory for banks to provide developers with access to bank customer data. This will be best done with APIs.

Strategic tool for business

Given the growing importance of APIs, we believe that an enterprise should stop viewing them as infrastructure, but rather as a strategic tool to tap new business opportunities. The questions before a CIO debating the adoption of APIs are simple: How many new channels does it add to business in 6 months? How many new products/ services does it add to business in 6 months? How many customers does it add to business in 6 months? How much does it improve average transaction value? How much does it improve CSAT? Does it allow me to fulfil orders faster? Does it help me meet regulatory compliance at lower cost?

The answers to these questions help understand the business potential of APIs – and set the agenda for their successful adoption.

About the author

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Raviprasad has been with the IT services industry for over 20 years with expertise in API Management (APIM) product consulting & platform implementation, IP's development, API & Microservices architecture development & implementation and Cloud integration strategy development & implementation. He has led large digital transformation engagements and has helped customers in adopting an API first architecture and move to an enterprise level APIM platform.

In his current role, Ravi heads the APIM & Dell Boomi groups under Enterprise Business Integration practice providing technology advisory, API strategy, CoE setup & product implementation services for fortune 100 customers across industry verticals.

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4. PSD2 adoption deadline for banks in the EU is January 2018

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