Technology and Innovation

It's Time to Consider the Business Impact of APIs

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Biography

Ricardo Diniz is the Vice President and General Manager EMEA, WSO2 (https://www.wso2.com) where he formulates overall sales strategies, managing and assisting the team and partners to cultivate the successful customer relationships that drive continuous revenue growth.

Most recently as the head of sales for the European region, Diniz achieved 150% revenue growth over the last few years. Prior to joining WSO2, Ricardo served as the vice president of JPMorgan Chase & Co and Ariba for over two decades where he was responsible for developing business and sales strategies for global corporate customers offering financial and technological solutions.

Diniz has a Bachelor's degree in Business, a Master's degree in Supply Chain, and an MBA from the University of Greenwich, UK.

Abstract

The rapid transition into a more digital world means that IT teams now must look at their operations in a new light. Nearly all industries – including transportation, lodging, banking, retail, and entertainment – are being disrupted by digital-first entrants who are luring customers away from non-digital businesses. Existing companies are redesigning their business, processes, and technologies to not only to keep up with the new entrants, but to excel in delivering a better multi-channel experience. In this article, the author discusses why IT teams are "reprogramming the enterprise" as they look at ways to improve digital experiences and enhance security measures for customers while managing the impact of the developer talent shortage and explores why taking a platform approach to Application Programming Interfaces (APIs) is essential if IT teams are to create a digital core capable of delivering flexible business outcomes.

Introduction

Application Programming Interfaces (APIs) need to be discussed in terms of business impact. For too long, the API has been considered a pure technology topic. But with the need to digitize core business operations and deal with rising

security threats, business and technology leaders must elevate API strategic discussions and end the hotchpotch of APIs that act as point solutions and move to the adoption of a modern integrated platform approach to APIs that will deliver business optimization and improve the customer experience.

It is essential to look at the effect of APIs on the business, particularly as organizations deal with the three big impacts of war, recession, and inflation, which are putting pressure on all types of business. Moreover, APIs are a central pillar of three trends: digital transformation, improving data access and sharing and enhancing the customer experience, which were identified in a study[1] we recently commissioned with research firm Vanson Bourne.

In the study, 58% of business technology leaders reported they were engaged with driving the digital transformation of their organizations, and half of those surveyed were heading up projects to increase the use of data for business insight. Just under half (49%) were delivering technology-led improvements to the customer experience. However, these three demands will not be met if developers are hindered in their ability to innovate through poor API integration.

APIs, therefore, can have a big impact on the organization, enabling the CIO and their team to create a great customer experience and improve the operations of the organization, which benefits colleagues with a better working environment. With infinite use cases from the very top of the organization to the bottom of the supply chain, enterprises undergoing significant change must approach APIs with a strategic vision.

It is therefore concerning that 74% of organizations have not fully rolled out an API strategy, and 95% are experiencing challenges with their customer identity access management (CIAM) platform. The research indicates that enterprises are not identifying the business objectives that they want to achieve with APIs.

Some of this stems from the arrival of the API in the technology stack; it was a technology that was often pushed by the IT department, leading to a lack of understanding or business line investment into the opportunities offered by APIs.

The good news is that, as organizations embrace digitization to deal with the economic pressure on the business, the benefits of APIs are better understood. Our survey found that 90% of enterprises in the UK and Ireland believe their developers would be better placed to innovate if the user experience was more connected for building, managing, and integrating APIs, with a further 84% believing that building, managing, and integrating APIs should be treated as one process rather than isolated aspects of the API lifecycle.

Platform build

Organizations embracing the opportunity offered by APIs are adopting a platform approach. Over 80% of the business technology leaders surveyed said the technology they currently use to build, manage and integrate APIs needs to be completely overhauled or has extensive room for modernization. Among executives surveyed, 45% say their organizations are looking to increase the speed that new digital products and services go to market, 48% want to enable more innovation, and 42% have increased security requirements. As the economic ecosystem becomes increasingly connected, 80% of these businesses are using or planning to use a single platform for employees, partners and suppliers.

But organizations are struggling. Over half (53%) say they face challenges in re-using existing APIs in new projects or business services. Existing API platforms are often hard to use and hinder efforts to build, integrate and manage APIs, according to 48% of business technology leaders. A similar number (47%) find that existing APIs limit the ability to customize APIs or scale – two key demands of the increasingly digital business environment.

A platform approach to APIs enables enterprises to optimise business processes, data flows, and customer services and increase security. Security of APIs is, unsurprisingly, highly important to transformation leaders, and 78% said their organization is using an identity and access management (IAM) platform and 67% use a CIAM platform.

Digital core

The central problem is that not all APIs are equal. When an organization defines an API, there must be a planned and clear approach to what the business wants to achieve with it. This means having an agreed set of metrics between business lines and the IT department to measure and know the role of each and every API. This will allow the business to define which APIs can be monetized. For example, a major Spanish hotel chain is providing services to the banking sector as a result of being able to see which of its APIs can be monetized. At present, however, most enterprises are not able to monetize the full range of APIs within their estate because they don't have the right levels of metrics and governance in place.

APIs and integrated developer platforms, when managed effectively, become the digital core of the business, and as anybody that does yoga or pilates knows, a strong core makes every other form of exercise easier and more rewarding. A strong core enables other parts of the body to be more effective. A good digital core does the same for the organization, adding power to business processes, employees, digital customer services and the products the business is known for.

APIs, therefore, have the potential to create a big impact on the business and have to be considered in terms of this impact. Organizations looking to digitize, whether to deal with pressure points or meet the demands of their customers, have to discuss APIs not as a technology but as a method of delivering a business outcome. A platform approach enables a more secure, efficient, and innovative digital business, one that has a digital core and monetization opportunities.

Reference

[1] A Road to Success Without Compromise: Managing APIs and Identity Effectively (November 2022), WSO2. Available at: https://wso2.com/reports/managing-apis-and-identity-effectively/