WHITEPAPER

The Rising Value of APIs

MuleSoft's Predictions for 2016

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The Rising Value of APIs

Data is, in many ways, one of the most valuable assets a business has. A growing number of consumers and businesses are incorporating web and mobile apps into their daily routines, and companies are using data to provide more personalized, tailored experiences to their customers. In addition, companies are analyzing customer and operational behaviour to make better decisions. These are some of the valuable new uses for previously isolated data sources.

APIs (application programming interfaces) have emerged as as the most accessible way for consumers within the business to extract value out of that data; developers can use them to create new business opportunities; improve existing products, systems, and operations; and develop innovative business models. Analysts can grab new data sources more quickly and pull the data into their analytics platforms. As the keys to unlocking precious enterprise data, APIs need to be combined with enterprise connectivity to actually free the data from systems. The APIs is the piece that makes the data consumable and reusable, thus they become ever more valuable to business.

In 2015 MuleSoft surveyed 300 IT leaders about their use of technology, and the results were very clear - APIs and their integration possibilities are providing real value to the business, whether it's implementing cloud applications for increased agility to actually creating revenue streams.

In 2016 we expect the value of APIs to the enterprise to increase as new ways are discovered to use data. Every industry and every customer touchpoint will find itself interacting with APIs, as developers further implement the orchestration and presentation of valuable data. APIs are transforming modern business, and we are starting to see companies capitalize on the opportunities that they provide.

How APIs will change business in 2016

IoT
In 2016, we'll see interesting Internet of Things use cases come to life, rather than major steps forward in devices themselves. With CES approaching in January, hundreds of new IoT devices will be released, but it won't be the devices themselves that make waves. It will be the clever use of those devices - and their accompanying APIs - to generate value. For instance, 90-year old pest control firm Rentokil connects its mousetraps through IoT technology, and has increased operational efficiency through the automatic notifications of a caught animal and its size.

Overall, the key theme for 2016 will be identifying the value niches within industries that can benefit from IoT technology rather than trying to change the entire industry. For healthcare, it will likely be connected patients. For retail, it will be around making stronger connections between traditional and digital shopping. Behind all of these services APIs provide the link between the devices and digital services.

Cloud
When it comes to the cloud, enterprises are in an awkward tween stage — somewhere between the old world and new. As we enter 2016, CIOs will continue to adopt cloud applications and seek better ways to connect on-premises systems and the cloud. Hybrid IT is now the reality for many enterprises and many are going through a refresh of their platforms, both business and technology. They are looking for scalable ways to connect and move data to the cloud, on-premises and back again as needed. There is a big emphasis on APIs to unlock data and capabilities in a reusable way, with many companies looking to run their APIs in the cloud and in the data center. On-premises APIs offer a seamless way to unlock legacy systems and connect them with cloud applications, which is crucial for businesses who want to make a cloud-first strategy a reality. More businesses will run their APIs in the cloud, providing elasticity to better cope with spikes in demand and make efficient connections, enabling them to adapt and innovate faster than competition.

In the connectivity survey this summer, we found IT leaders' biggest integration priority for the next year was cloud software and applications.

Omnichannel strategy
In 2016, many industries will turn to an omnichannel strategy to attract and retain customers by creating improved consumer experiences. By connecting the physical world with the online world, companies can bring new value and increase revenue opportunities. In particular, the retail industry will embrace an online-offline approach to increase sales. E-commerce stores will turn to a complementary brick and mortar store strategy, attempting to bring online shoppers in-store with exclusive offerings and deals, or add value by offering a unique experience beyond the ability to purchase in person. One example is eyewear retailer Warby Parker. It offers

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convenience and choice to its customers through a huge online selection, but it also provides custom fittings or repairs in their brick and mortar stores. Another industry that will take advantage of an omnichannel approach is financial services, which will look for ways to bring new products and services to market quicker through digital channels. This will mean improved mobile banking, faster payments and new consumer products. No matter the industry, companies turning to an omnichannel strategy will rely on APIs to create a link between cloud,on-premises systems and mobile, offering a seamless experience for their customers.

Changing role of the CIO
In 2016, we'll see CIOs shift from traditional IT delivery models to delivering capabilities to their business, allowing the consumers of these capabilities to build their own applications and processes. This is the decentralization of IT, where IT no longer owns the applications but are governors of the data. This will contribute to the expanding partnership between business and IT. CIOs are beginning to embrace their new role as a business enabler and are gaining confidence in doing things differently. They recognize their role is no longer just about keeping the lights on and the networks running. For this reason, successful CIOs will come to the table with a vision that helps put the company on a course of action toward greater digital transformation. The key step will be decentralizing IT by opening up APIs to developers and analysts, so they can gain access to reusable data. Additionally, IT will standardize on business and technology platforms to reduce their technology footprint.

Rise of the API Economy
In 2016, more enterprises will adopt an API strategy, with the goal of enabling greater agility and efficiency within their organizations and driving more innovation to compete with emerging startups that continue to erode their value proposition. This year companies, like Uber and Slack, achieved major success through their open API approach, and we'll see established businesses start to follow a similar strategy. First, traditional enterprises will open up APIs internally to break down information silos and unlock data. The next natural step will be for enterprises to open up those APIs to third parties, creating new revenue channels. For instance, in a survey we recently conducted with 300 IT decision makers, 80 percent of large enterprises (10,000 employees or more) said that their company currently makes more than $5 million a year from APIs. In the same survey, the IT decision makers said an API strategy was one of the top three priorities to an organization's business plans in the next year. We're only going to see this increase in the coming year as organizations embrace the API economy and recognize its business value.

APIs are changing the equation

As more and more APIs come into use, the architecture underpinning them needs to evolve as well – organizations cannot simply attempt to deploy APIs on top of existing monolithic systems and processes and expect overnight transformation. Rather, the transformation begins with initiatives targeted at new innovative directions for the organization, such as the embrace of microservices, mobile apps, and laying the groundwork for a world of connected sensors. Above all, embracing APIs will help ensure that these connections are made intelligently and efficiently.

Our Connectivity Benchmark Report confirms that 72% of enterprises have API strategies, indicating the importance of these building blocks for the Composable Enterprise. There's a direct connection to business value as well – generating revenue is considered the most important value that APIs provide to the business. More than 50% of respondents either are now generating revenue through APIs or will be within a year. In addition, 80% of large enterprises (10,000 employees or more) say that their companies already make more than $5 million a year from APIs.

What is the Most Important Value that APIs add to the Business?

Generate revenue	30%
Enable affiliates	21%
Engage external developers	19%
Enable partners	18%
Agility	7%
Drive innovation	3%
Enable applications	1%

MuleSoft Connectivity Benchmark Report: The Enterprise's Connected Future: APIs on the Rise, July 2015
n=300

What is Your Company's Timeline for Generating Revenue Through APIs?

Already generate revenue through APIs	19%
Within one year	54%
More than one year	20%
Don't know	8%

MuleSoft Connectivity Benchmark Report: The Enterprise's Connected Future: APIs on the Rise, July 2015
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While revenue generation is an important part of the story, the impact of APIs goes much further into

organizations, enabling transformation and agility at many levels. APIs enable enterprises to deploy apps quickly, in a repeatable way, which leads to a faster pace of delivery, and the ability to create new and innovative experiences quickly. In addition, APIs can greatly reduce the cost of change, enabling IT and application owners to change apps with minimal impact – especially when there are numerous back-end integrations involved. This is critical to agility since the pace of change of the front end applications is much faster than in the back-end applications. APIs also help enterprises achieve operational efficiency, enabling greater visibility and expanded capabilities since every API call from the mobile app to the backend system is tracked and traced through an API key.

How companies add value with APIs

Tom Quinn, the CIO of News Corporation Australia, realizes the value of APIs to his business. “I think the future of the API journey is still yet to unfold – but I know for sure that it is the future,” says Quinn. “I don't want to have a data center. I want it all gone. Currently, we have 60 percent of our computer in the cloud, but I would be happy if it were 100 percent. Our API platform is critical to this. It will allow us to chop and change funding and software when we know which we do know, as markets mature, so does the software mature. The future of technology for us is our API platform.”

At a major financial analyst firm, which provides regulatory and tax data to professionals, there is a pressing need for better integration across its disparate systems, which was addressed through APIs. “We lacked a unified infrastructure, with disparate applications in a lot of silos,” says this company’s director of technology. “We needed to bridge these silos with a simplistic solution, to deliver actionable reports to our customers.”

Organizations can free themselves from the limitations of their legacy systems so that they can start to change the way they deliver digital products and services to customers, partners and employees to fully engage in the digital economy. For example, New Zealand Post’s parcel and courier business is run on legacy systems that track parcels, provide rates, and provide shipping options. “We realized we needed to abstract away from those underlying legacy systems, and provide interfaces that more modern and current developers could actually use,” says Joe Brophy. “That led us pretty quickly to APIs and API technology.”

At a US roof manufacturer, a concerted effort is underway to expand APIs to its partners and customers. The manufacturer built its API strategy on its extensive infrastructure of on-premises systems, which support everything from ERP to distribution to customer service. The goal was to keep these APIs as agile as possible, says the company’s senior architect. “In manufacturing, IT is not the biggest part of IT organizations,” he explains. “The IT organization has to be very lean. We needed a solution that is nimble and fast to support that.” The manufacturing team’s approach is to build and deploy APIs that are reusable, and can grow as the functions behind them grow in sophistication.

New Zealand Post Digital moved into the digital arena with three levels of APIs, targeted at enhancing its existing internal business, as well as branching out into new areas. “The first API is for e-commerce, logistics, and parcel delivery,” says Joe Brophy, solutions development manager for New Zealand Post Digital. “The second one was to expose our addressing assets, for services such as data cleansing, credit card applications or for identity verification.” The third, he continues, called Connect, serves to enable transfer and management of digital content.

Early on, Brophy and his team recognized “that APIs had a much more strategic role to play,” bringing the organization closer to its customers, as well as development communities. The APIs have enabled the postal service’s digital and IT teams “to stay close to the market and keep innovating. We launched the APIs to enable us to move at a faster rate, and make it easier to use our services.”

For News Corp, APIs are bringing the company’s products closer to its customers. “We're able to build separate, individual APIs for each of our smartphone apps to make the creation of the end products very, very easy,” says Quinn. “The benefit to customers is that they get the content they need when they need it, on their chosen device. It speeds up the process. Without APIs, we’d have to run it one system, and that would require a lot of people doing a lot of work inside old, antiquated, slow moving systems. Now, we can atomize down our content creation delivery process, and our API platform helps us put it all together.”

Unlock the power of APIs for your business

Businesses from every industry are using APIs to add additional value, from increased revenue to increased agility to improved customer experience. Extraordinary changes are taking place in the enterprise which necessitate a new organization and philosophy for utilizing technology.

MuleSoft's Anypoint Platform™ is the only solution that allows enterprises to truly deliver on their digital transformation through realizing API-led connectivity. In particular, Anypoint Platform is the only that enables end-to-end connectivity across API, service orchestration and application integration needs through a single unified platform. This allows developers to rapidly connect, orchestrate and enable any internal or external endpoint. The result is a 2x to 5x faster time to launch new initiatives, connect systems, and unlock data across the enterprise and a 30% reduction in integration costs.

Furthermore, unlike alternatives, MuleSoft's Anypoint Platform can be rapidly deployed on-premises, or in the cloud. A key focus of the platform is that it's easy to use and understand. Any developer can quickly become productive without lengthy training in vendor-specific technology.

Finally, MuleSoft's experience in partnering with our customers to drive digital transformation initiatives allows our customer success teams to bring expertise in change management, organizational design and IT development best practices to complement our technology offerings and truly partner to drive success.

For more information about Anypoint Platform, visit our Resources section on MuleSoft.com.

MuleSoft's mission is to connect the world's applications, data and devices. MuleSoft makes connecting anything easy with Anypoint Platform™, the only complete integration platform for SaaS, SOA and APIs. Thousands of organizations in 60 countries, from emerging brands to Global 500 enterprises, use MuleSoft to innovate faster and gain competitive advantage.