

API Business Models

20 models in 20 minutes

John Musser, ProgrammableWeb

@johnmusser

API Strategy Conference, 2013



7 years
8,000 APIs
3,000 news stories

why, why, why?

Why API? Many reasons...

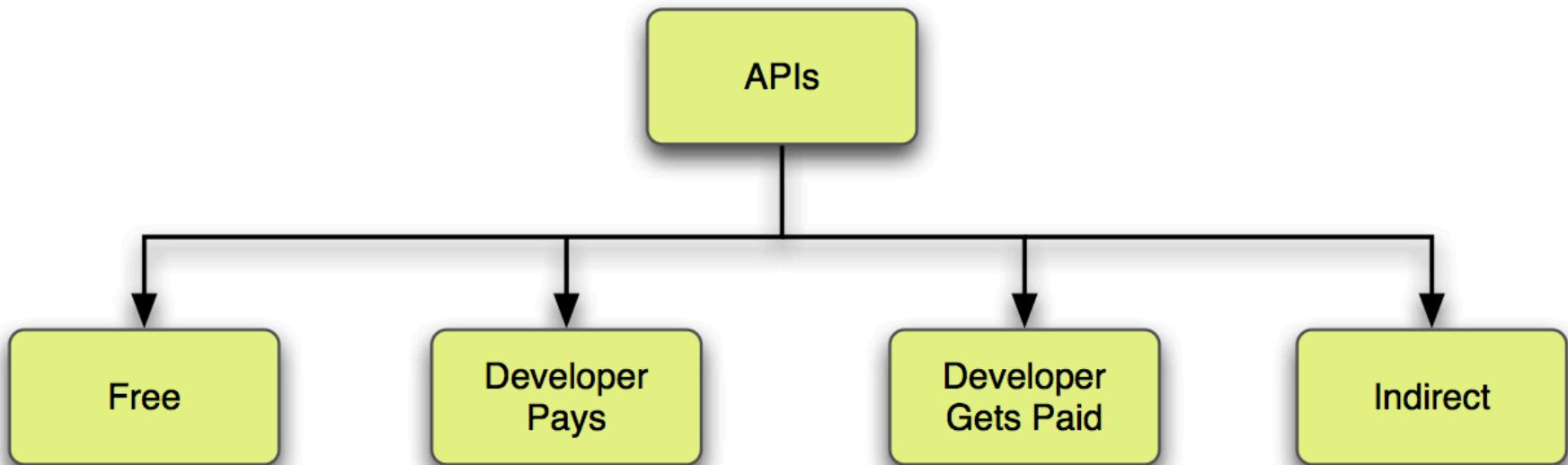
Drive innovation	Marketing channel	BizDev / LeadGen
User acquisition	New line of business	
Upsell opportunity	API as Product	Increase footprint
Device and mobile support		Distribution channel
Content acquisition	Partner opportunities	
	Drive traffic	Increase stickiness
Accelerate internal projects		Extend product

API SECRET #1

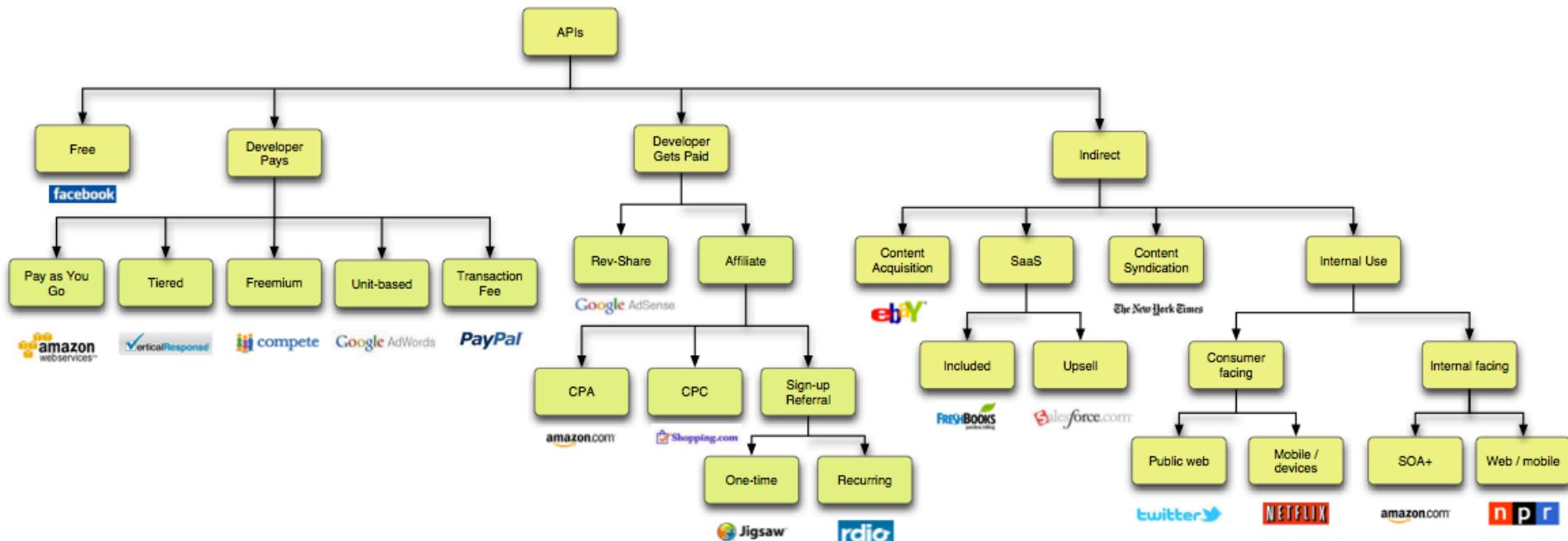
An API strategy
is not
an API business model

**A very brief history of API
business models...**

API Business Models, 2005



API Business Models, 2013



API SECRET #2

Most APIs have

>1

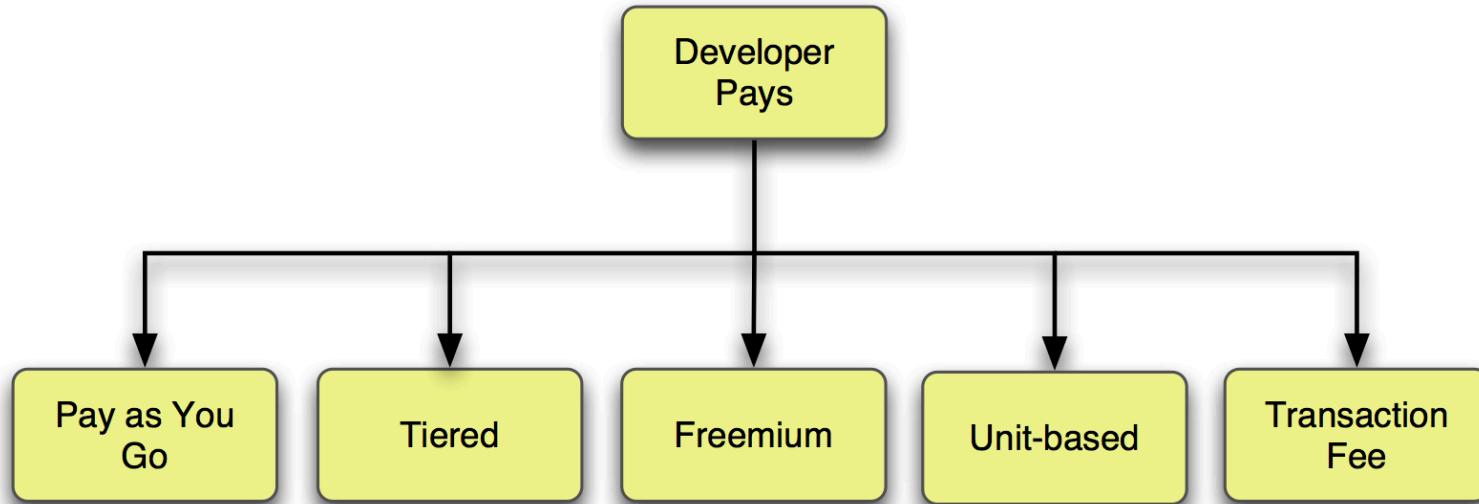
type of ROI

Free

Free

facebook

Developer Pays



Pay as You Go



Region:	US East (N. Virginia)
Linux/UNIX Usage	
Standard On-Demand Instances	
Small (Default)	\$0.060 per Hour
Medium	\$0.120 per Hour
Large	\$0.240 per Hour
Extra Large	\$0.480 per Hour
Second Generation Standard On-Demand Instances	
Extra Large	\$0.500 per Hour
Double Extra Large	\$1.000 per Hour
Micro On-Demand Instances	
Micro	\$0.020 per Hour

“Pay only for what you use. There is no minimum fee.”

Tiered Pricing

Free	\$9.95 /month	\$0.90 /thousand	\$0.65 /thousand	\$0.45 /thousand	\$0.40 /thousand
Up to 12k emails	Up to 40k emails	next 100k emails	next 200k emails	next 1m emails	remaining emails

MailChimp

Freemium



Features	Maps API	Maps API for Business
Street View	✓	✓
Geocoding Web Service	2,500 requests per day	100,000 requests per day
Directions Web Service	2,500 requests per day with 10 waypoints per request	100,000 requests per day with 23 waypoints per request
Distance Matrix Web Service	100 elements per query 100 elements per 10 seconds 2500 elements per day	625 elements per query 1,000 elements per 10 seconds 100,000 elements per day
Elevation Web Service	2,500 requests per day with 25,000 samples per day	100,000 requests per day with 1,000,000 samples per day
Static Maps API maximum resolution	640x640	2,048x2,048
Static Map API maximum scale	2X	4X
Street View Image API maximum resolution	640x640	2,048x2,048
Protected Fusion Tables Layers		✓
Support	Maps API	Maps API Premier
Google Maps API Developer resources	✓	✓
Service Level Agreement		✓
Technical Support		✓
Support portal & usage reporting		✓
Use cases	Maps API	Maps API Premier
Free & publicly available	✓	✓
Internal deployments		✓
Embedding in software and applications for fee		✓
Reselling services with Google Maps		✓
Control of advertising		✓
Private asset tracking		✓

Unit-based Pricing

<u>Service</u>	<u>Cost of Service</u>	<u>Number of Credits</u>	<u>Cost</u>
LBS precision fix (default)	6 credits	20,000 Credits	\$100
LBS approximate fix	3 credit	102,500 Credits	\$500
SMS	4 credits	420,000 Credits	\$2,000
MMS	6 credits	1,075,000 Credits	\$5,000
Geo-fence	free*		
Presence	free		



Unit-based Pricing

What's in an API Unit?

Calls	API Usage
get_keywords	
get_keyword_volumes	Each of these calls are 1 API Unit.
get_related_keywords	
get_question_keywords	
get_keyword_niches	1 API Unit per niche.



Beware complex pricing



country	price in credits depending on the shared number											
	shared number - MT only		bidirectional shared number MT/MO			shared number → MO			shared number MO → MT non premium			
	38100 WORLD	personalised (+ annual fee of €300 (tax excluded))	+447797805210			38699, 20345, 967482			31244			
MT	MT	MT	MO (WITHOUT A SESSION)	MO (WITH A SESSION)	MT	MO (WITHOUT A SESSION)	MO (WITH A SESSION)	MO (WITHOUT A SESSION)	MO (WITH A SESSION)	MT		
europe	France	10.00	11.20	13.40	4.30	5.50	11.20	4.30	5.50	4.30	5.50	10.00
	The United Kingdom	12.31	N/A	13.50	4.30	5.50	13.50	4.30	5.50	N/A	N/A	N/A
	Germany	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Austria	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Belgium	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Denmark	10.32	N/A	11.75	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Spain	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Estonia	10.00	N/A	11.67	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Finland	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Greece	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Hungary	13.08	N/A	14.27	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Ireland	10.61	N/A	11.81	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Italy	13.84	N/A	15.04	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A
	Luxembourg	12.00	N/A	13.19	4.30	5.50	N/A	N/A	N/A	N/A	N/A	N/A

Transaction Fee

stripe

**2.9% + 30¢
per transaction**

PayPal

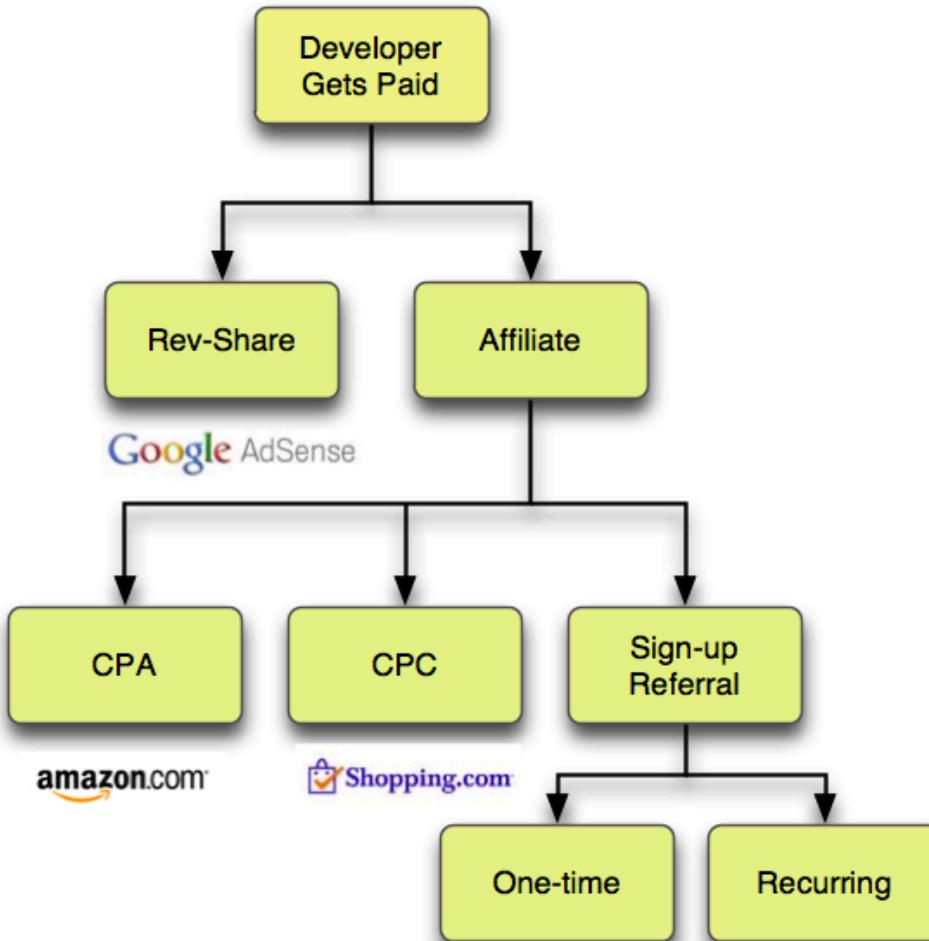
Authorize.Net®

Recurly

Braintree

Chargify

Developer Gets Paid



amazon.com™

Shopping.com™

Jigsaw®

rdic®

Affiliate Revenue Share: CPA



Product Category	Fixed Advertising Fee Rates
Electronics Products	4.00%
Amazon MP3 Products	5.00%
Amazon Instant Video	10.00%
Game Downloads Products	10.00%
Industrial Products and Amazonsupply.com	8.00%
Myhabit.com	8.00%
Gift Cards Redeemable on the Amazon Site	6.00%
Gift Cards Not Redeemable on the Amazon Site	4.00%
Magazine Products	25.00%
Grocery Products	4.00%

Revenue Share: CPC



A screenshot of the Shopping.com Partner Program website. It features a large image of a smiling woman on the right and a sidebar on the left with the heading "Profitable Partner Solutions" and subtext "Achieve superior monetization for your site with our customizable solutions".

Partner Sign In

Username/Email

Password

[Forgot Your Password?](#)

Remember my username

Sign In



A screenshot of the Shopping.com Partner Program website under the "API Program" section. It includes a sub-section titled "HowStuffWorks.com" and a "Learn More!" button. A red circle highlights the "API Program" section.

A screenshot of the Shopping.com Partner Program website under the "Resource Center" section. It includes a sub-section titled "HowStuffWorks.com" and a "Learn More!" button.

A screenshot of the Shopping.com Partner Program website under the "Partner Center" section. It includes a sub-section titled "HowStuffWorks.com" and a "Learn More!" button.

howstuffworks

A screenshot of the howstuffworks website, showing a search bar, product categories, and a main product listing for a Motorola H500 Wireless Headset.

APIs, now a billion \$ business



= \$2 billion/year

“90% of what we do is
business through APIs”

John Watton, Expedia Affiliate Network, Travolution.co.uk, April 2012

Recurring Revenue Share



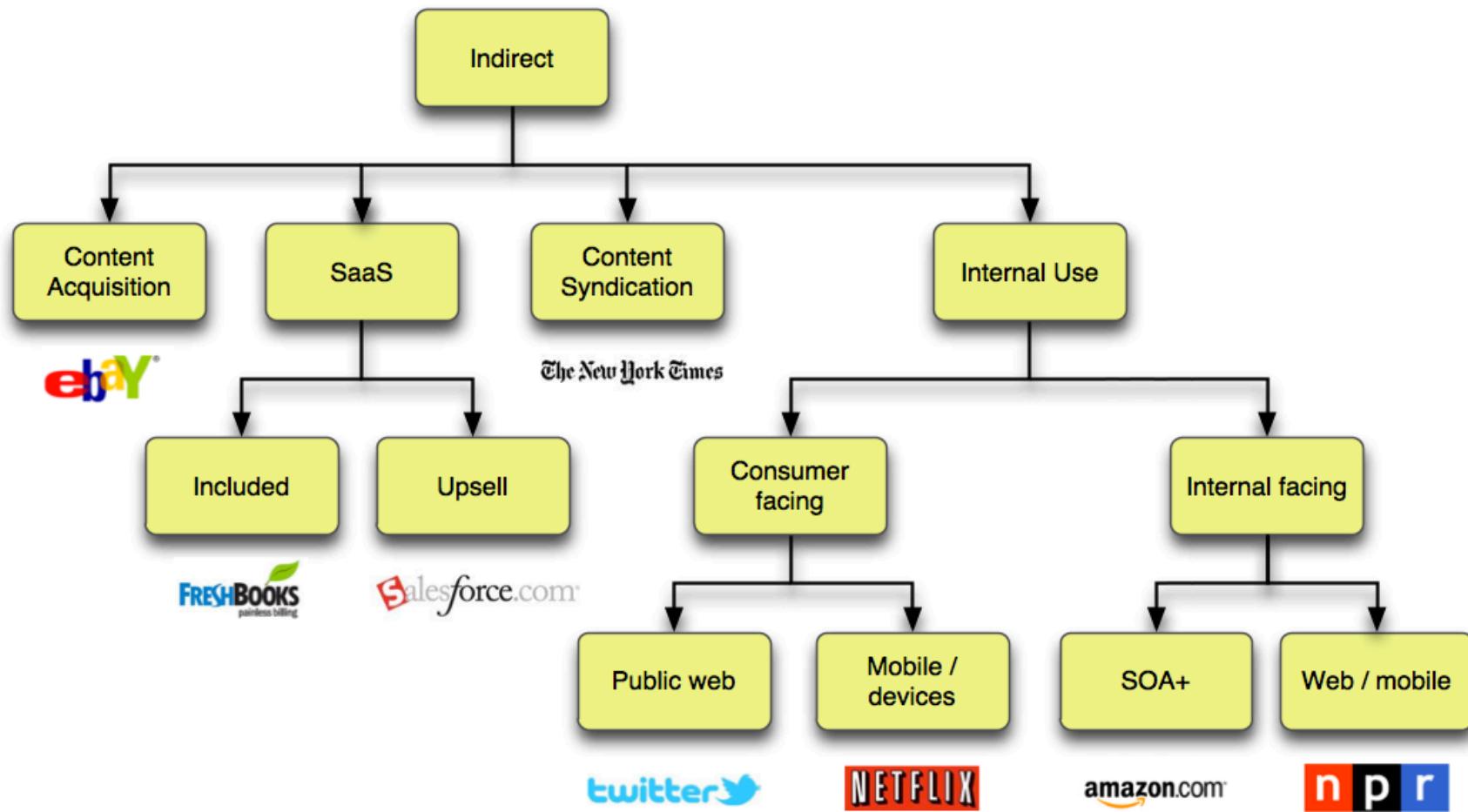
- 3% of \$9.99/month per “Unlimited” subscriber
- 2% of \$4.99/month per “Rdio Web” subscriber
- 7% of purchase price for each MP3 purchased

Recurring revenue every month for as long
as a subscriber recruited by you remains an
Rdio subscriber

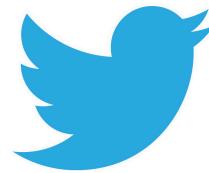
API SECRET #3

You need to **bake your
business model** into
your API

Indirect



Content Acquisition



3rd party applications built on the [eBay] Open Platform accounting for **\$6.9 billion** in Gross Merchandise Volume (GMV) in 2008.

60% of all tweets came from 3rd party clients [2010]

Kumar Kandaswamy, May 31, 2012

Ryan Sarver, Chirp Conference, April 4, 2010

Content Syndication

The New York Times

API Request Tool [Return to Developer Network](#)

APIs

Movie Review API [Movie Review API Documentation](#)

Requests

Reviews by Keyword

Fields * required

Query Matrix

Critics Pick

Thousand Best

DVD

Publication Date [YYYY-MM-DD]

Opening Date [YYYY-MM-DD]

Reviewer

Offset

Order

Request URL

http://api.nytimes.com/svc/movies/v2/reviews/search.xml?&query=Matrix&api-key=****

Request Results

```
<?xml version="1.0" encoding="UTF-8"?>
<result_set>
  <status>
    OK
  </status>
  <copyright>
    Copyright (c) 2011 The New York Times Company. All Rights Reserved.
  </copyright>
  <num_results>
    1
  </num_results>
  <results>
    <review nyt_movie_id="177524">
      <display_title>
        The Matrix
      </display_title>
      <sort_name>
        Matrix, The
      </sort_name>
      <mpaa_rating>
        R
      </mpaa_rating>
      <critics_pick>
        0
      </critics_pick>
      <thousand_best>
        0
      </thousand_best>
      <byline>
        Janet Maslin
      </byline>
      <headline/>
      <capsule_review>
        Hacker as action messiah. Enough visual bravado to sustain steady suspense. Cult classic
      </capsule_review>
    </review>
  </results>
</result_set>
```

API as SaaS upsell



Contact Manager	Group	Professional	Most popular	Unlimited
Contact management for up to 5 users \$5 <small>/user/month* (Billed annually)</small>	Basic sales & marketing for up to 5 users \$25 <small>/user/month* (Billed annually)</small>	Complete CRM for any size team \$65 <small>/user/month* (Billed annually)</small>	Customize CRM for your entire business \$125 <small>/user/month* (Billed annually)</small>	Premier+ Success Plan optimizes CRM for your business \$250 <small>/user/month* (Billed annually)</small>
7-day free trial	14-day free trial	30-day free trial	30-day free trial	30-day free trial
<ul style="list-style-type: none"> • Accounts & contacts • Task & event tracking • Email integration Outlook, Gmail • Google Apps • Mobile access • Content library • Customizable reports 	<p>Includes all Contact Manager features plus:</p> <ul style="list-style-type: none"> • Opportunity tracking • Customizable sales process • Email templates & tracking • Web-to-lead capture • Lead scoring, routing & assignment • Dashboards • Search Data.com contacts and accounts** • Salesforce-to-Salesforce collaboration 	<p>Includes all Group Edition features plus:</p> <ul style="list-style-type: none"> • Mass email • Campaigns • Product tracking • Real-time quotes • Contract management • Customizable forecasts • Customizable dashboards • Analytics snapshots • Ideas community 	<p>Includes all Professional Edition features plus:</p> <ul style="list-style-type: none"> • Workflow & approval automation • Sales teams • Territory management • Offline access • Visual workflow • Call scripting*** • Profile layouts and field-level security • Custom apps & websites • Developer sandbox • Integration via Web Services API • Enterprise analytics 	<p>Includes all Enterprise Edition features plus:</p> <ul style="list-style-type: none"> • Unlimited customizations • Unlimited custom apps • Unlimited access to 100+ administration services • Assigned success resource† • Mobile customization & administration • Increased storage limits†† • Multiple sandboxes • 24x7 toll-free support • Unlimited access to Premier online training catalog

APIs, the glue of SaaS

200 SaaS companies with API success stories:



The Small Business Web

Batchbook



Constant Contact®

INTUIT



“We find that if our customers use any single integration, they are three times as likely to convert to paid.”

Sunir Shah, FreshBooks Blog, Aug 25, 2010

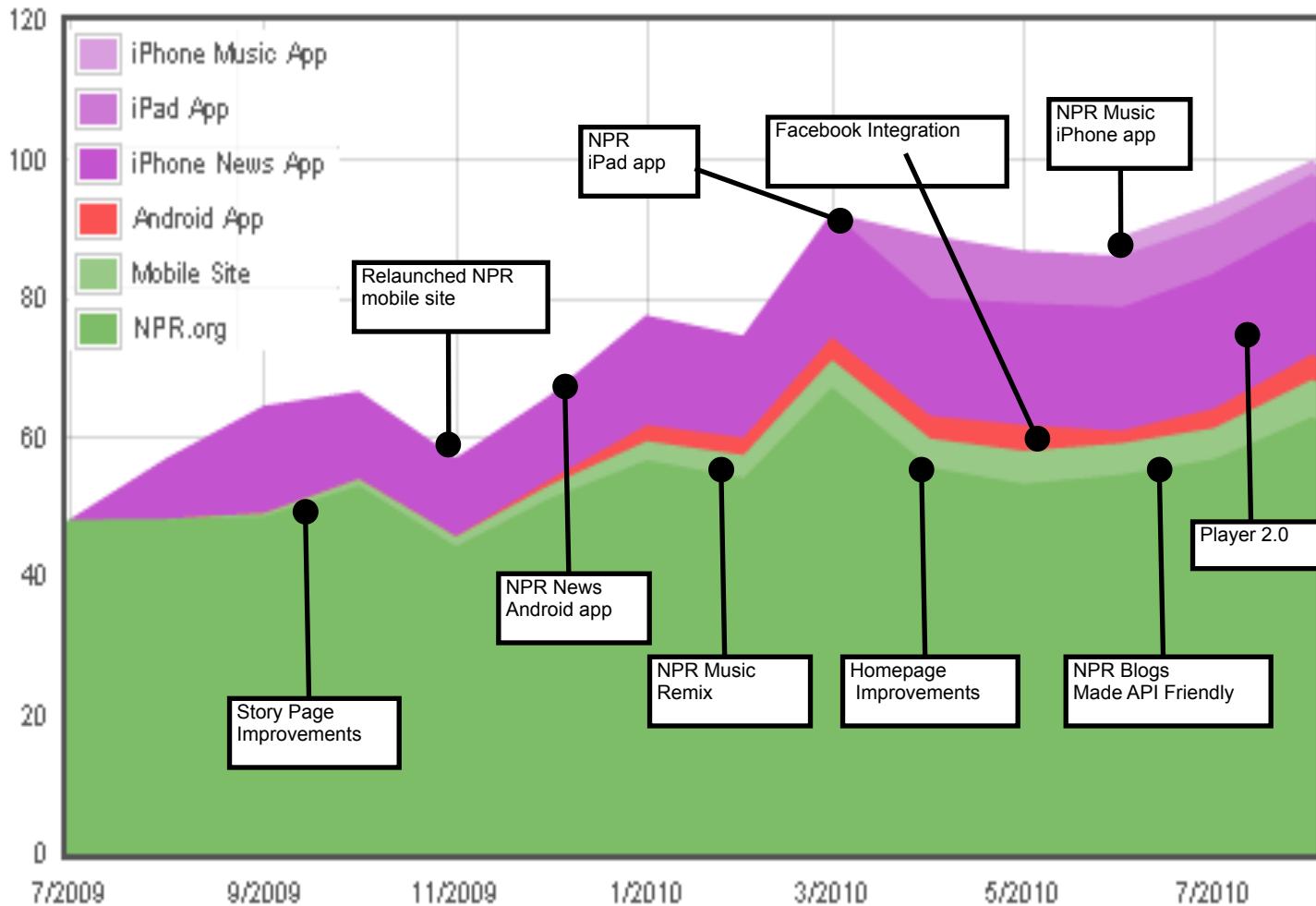
API SECRET #4

API business models

are not

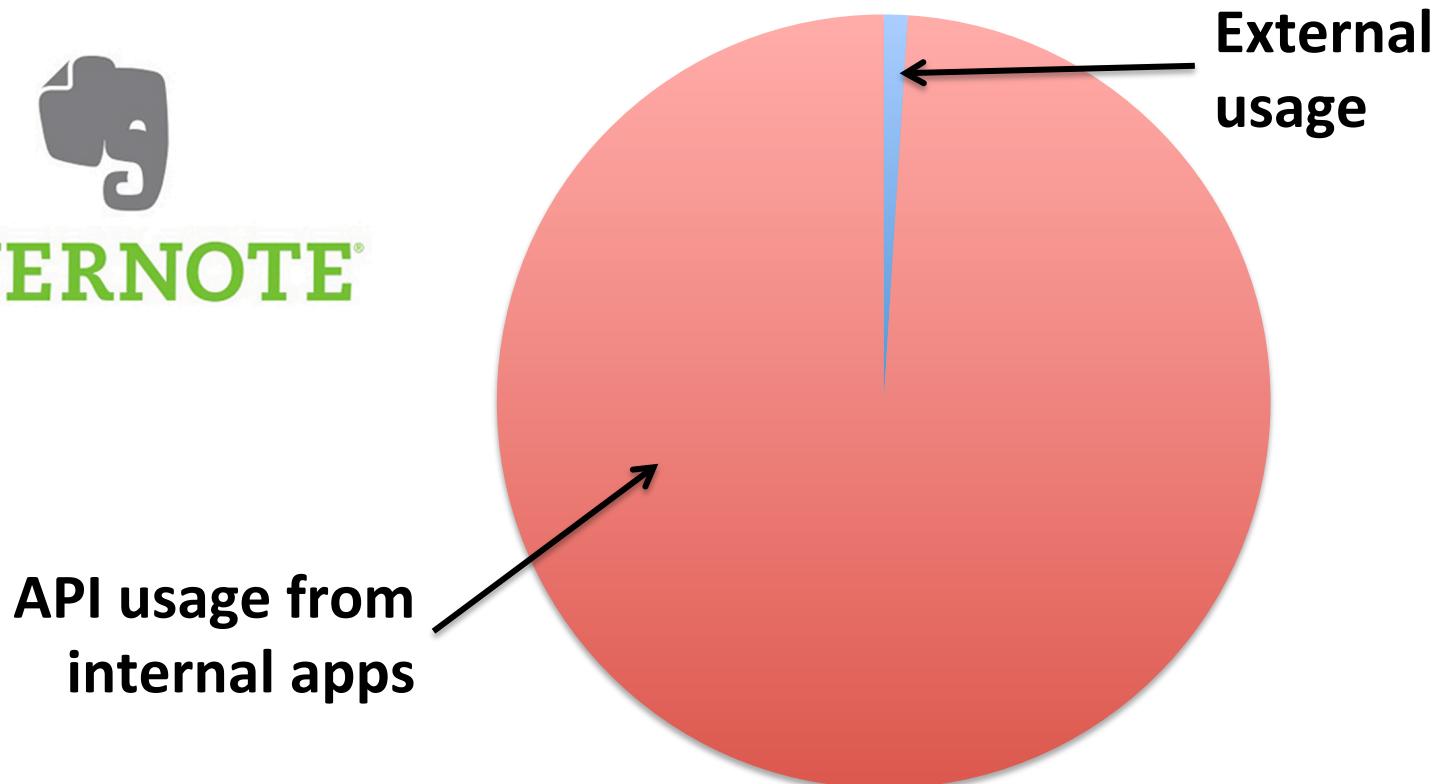
1 size fits all

NPR: Internal use = API growth

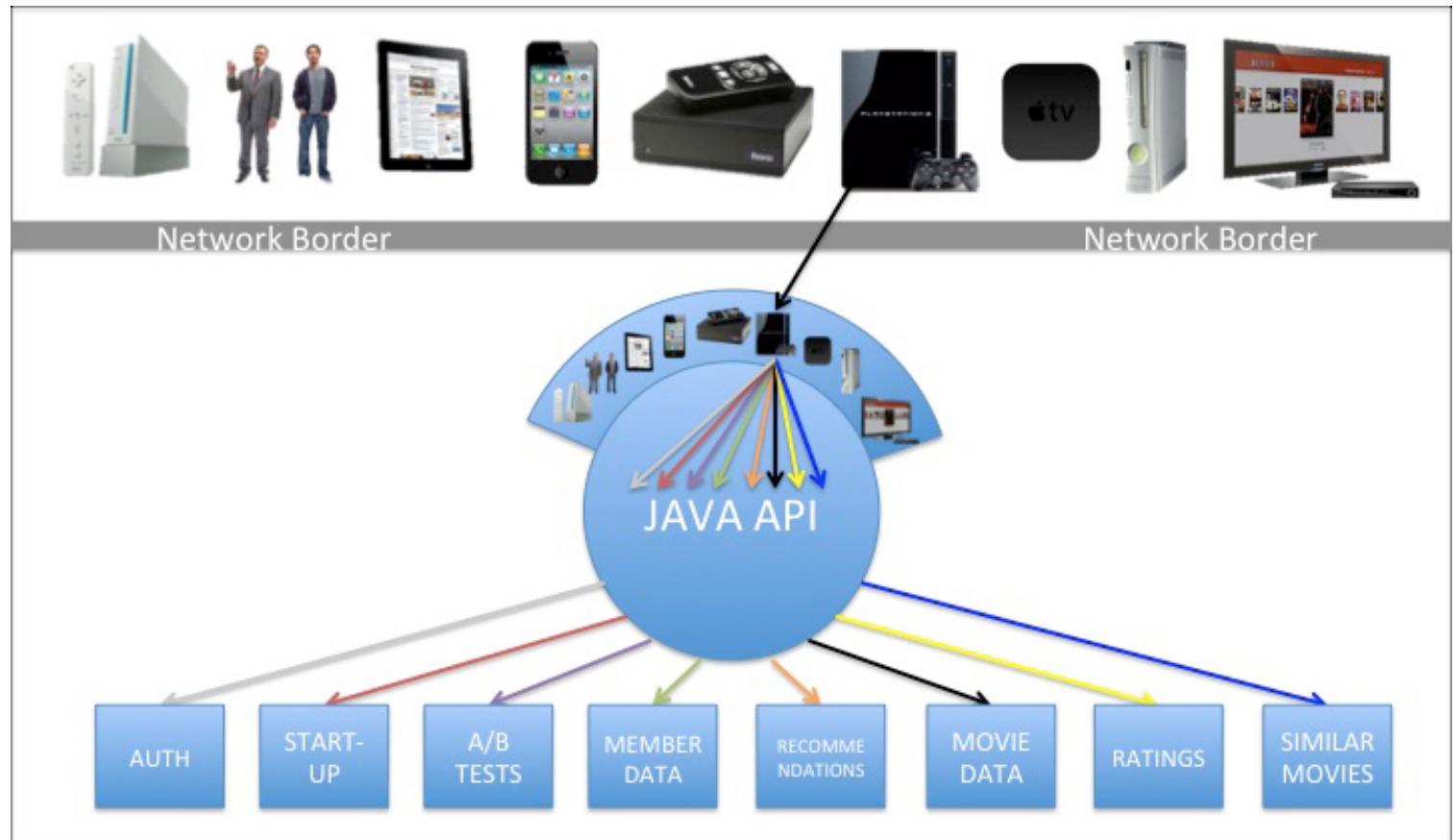


Source NPR. Shown in millions via Ominture. Last updated September 23, 2010.

Evernote: 99% internal calls



Netflix platform: 800 devices

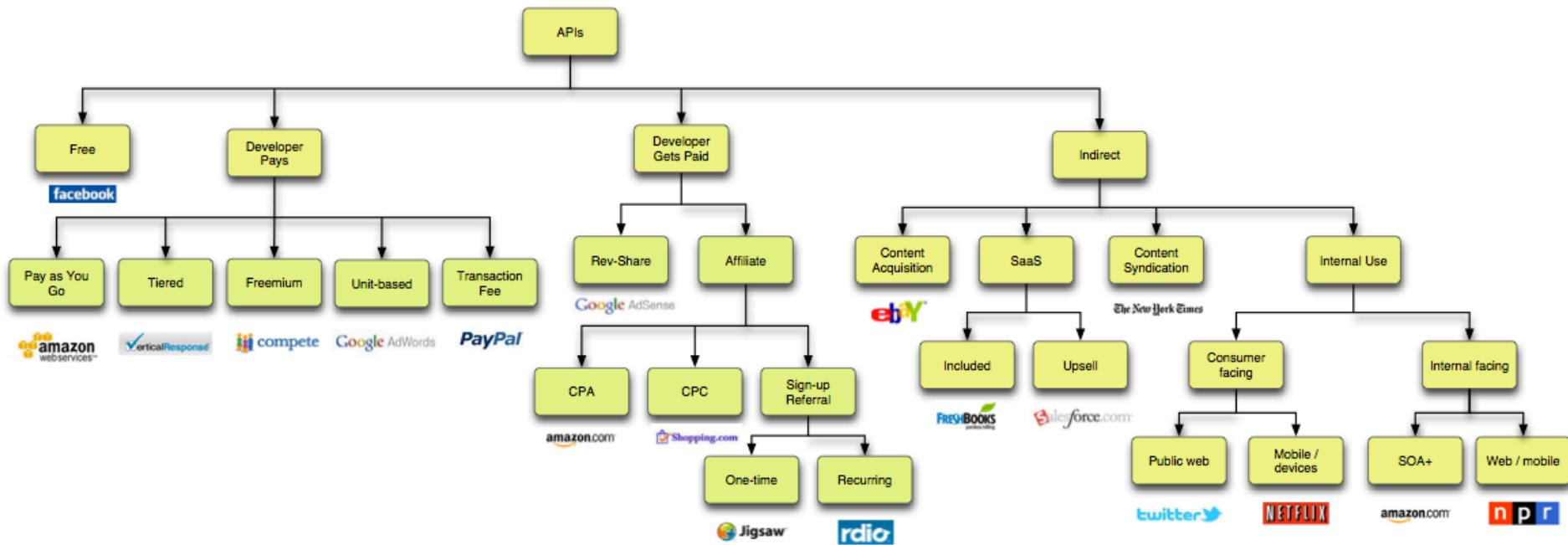


Daniel Jacobson, Netflix Engineering Blog, July 9, 2012

API SECRET #5

**Internal use may
be the biggest API
use case**

API Business Models



Thank You

Questions, ideas, comments?

jmusser@gmail.com

@johnmusser