

Product Bundling with APIs to Solve Your Company's Digital Identity Crisis

Part of the API Trends for 2020 series

HELP! It's a new decade and your organization may have woken up to what can only be called a "digital identity crisis"

Who are we now? Who do we want to be?

If you're a retailer, you might be struggling with the fact that you're also now having to function as a payments company. Maybe you're even more than that? Could you also be a fully-fledged digital bank?

If you're a bank, you might be grappling with the urge to be an insurance company. This identity conflict worries you though since you're remembering injuries from the past when some of your executives showed a lack of commitment, resourcing, and growth strategy because you weren't moving fast enough and couldn't quite make the insurance operation part of your core products and services like your banking ones.

If you're a digitally native company, you might be looking at your customers and seeing signs that they are begging you to be more of a bricks-and-mortar outfit so you can meet those customers in person. This allows customers to do things like return inventory more quickly - something that makes everyone happy.

No doubt about it - you've got a digital identity crisis and the pressure is only getting worse because of the speed of digital change in the 2020's. There are some strategies you can use to solve this crisis and, at the same time, provide delightful new customer experiences that will keep your customers engaged and spending more with you. One of the best of these strategies is Digital Product Bundling.

Your organization and your customers need Digital Product Bundling Therapy

Digital Product Bundling is a surefire way to give your customers the value they want while respecting the choices they need to make. But doing this without APIs at the ready is practically impossible. Here's why...

APIs are usually thought of the key to the efficient and scalable way to connect technology systems through well-defined and agreed interfaces. But they are much more than that. APIs are not just about exposing data and putting an access layer on your core backend systems.

You've got to think beyond integration and connecting systems and apps. The 2020's will be about moving into spaces your organization may not have travelled before.

How does this digital product bundling with APIs work?

First of all, your organization needs to stop thinking in terms of projects. You need to get your core capabilities into consumable API form and make them available throughout the enterprise. Those companies I've worked with who are most successful start by identifying their core capabilities and packaging them as APIs as part of revenue-gaining and cost-saving initiatives. Examples include: Initiate a Payment, Search for a Member, Process a Claim, Schedule an Appointment. By turning these core capabilities into APIs, they have now been liberated from any one application and process workflow so that they can be reused quickly for any number of new products.

This doesn't magically happen and is often a new way of working for an organization. It takes partnership between those driving the business strategy and those technologists who are building these new digital products. A key role in your organization to bring these forces together is the API Product Manager.

[links to any API Product Manager Axway articles]

Develop an internal API marketplace

Next - assemble your core capability APIs in a place where product managers and developers can see how they can be re-combined and re-bundled as new products. This place is the "API Catalog" and it needs to support views for both digital business strategists and technology teams allowing new products to be built in partnership. Again - this takes a concerted effort to get your organization "running on APIs" and you need a strategy to get teams working and thinking of "APIs first" when new capabilities, applications, and digital delivery channels are being built out.

[links to API Catalog / API First Axway articles]

Bundle those APIs - Bundle those products

Many API practitioners will be familiar with the combining of multiple APIs into a "bundle" for the purposes of applying certain policies and flows. This is very much a technical objective. What I am advocating here is that this same agility and governance can be applied to product innovation so that you can incorporate as many identities into your business as you need to without spending weeks and months working out if it's even possible to do so.

The product bundling examples most people can relate to come from the world of e-commerce and they are meant to provide pricing options to create package deals with new *price points*. Typical examples are:

- Bundling by individual products

- Bundling by collections of products
- Buy X Get Y (By One Get One Free style bundles)
- Linked bundles (automatically adding individual products)

With an API product bundling approach this becomes much much more. In effect, you can think of those examples above but not just in terms of products but entire capabilities and services, all powered by APIs. It's like cross-selling on steroids.

Think about how difficult this would be if you had to break apart applications every time such a new product bundle was required. The complexity of understanding hundreds of applications and the data flows involved would be discouragement in itself.

With APIs, it's a matter of plugging capabilities together with a clear understanding of the capabilities each interface services enabling your organization to go faster and innovate like never before.

The objectives and benefits are the same as in traditional product bundling - this is all designed so that your customer's experience and satisfaction increases because they are getting a better perceived deal. You can measure this by increases in average order value and selling more without increasing transaction costs. You can also head off the competition and prevent loss of revenue through comparison shopping because your competition just won't be able to offer what you've been able to bundle together.

An Example - Digital to Physical - Products and Service Offerings

A large retailer I worked with was able to combine both their digital retail identities and bricks-and-mortar retail identities by bundling up existing products and services together with some new ones and even included some provided by those from their partner ecosystem.

This retailer already had APIs that would take and fulfil orders from customers for individual product data from their e-commerce channel - their online store. Additionally, they had APIs for pushing promotions and offers to customers and APIs to manage how customers spend their loyalty points for these offers.

What the retailer also had was a whole host of enticing service offerings that customers could only take advantage of if they were physically in one of their physical store locations. These included a wide variety of things including automotive services, optician services, and a service to provide custom bakery products.

The business team that managed the in-store service offerings worked together with their technology teams to discover that they already had APIs that could be bundled together to provide a new set of products that would unite their digital and physical retail experience. This was to be a huge differentiator and a way to turn the tables against their purely digital competitors who were disrupting their business.

Some of the APIs they needed had to be built from scratch such as an Appointment API since nearly all of the service appointment bookings were done in-store with various applications and

even manual paper-based processes. They were able to leverage existing Promotion APIs and re-purpose them to be able to direct offers to customers who they knew would be at a store location at a certain time because of the appointment they booked for one of the stores services. This alone resulted in revenue increases of up to 60% in some stores, and revenue increases were also seen online as the combination of promotions offered to customers was not just limited to in-store.

As these new hybrid API-powered digital to physical products evolved, managers even got third party APIs into the mix and bundled transportation services in. A customer could now do everything from order groceries online, pick them up in a store, schedule an eye test, get their tires fitted, order a ride to and from the store - all while saving money as part of a unified experience. Meanwhile, the retailer had more cost-effective ways of managing in-store services and knew exactly when customers would be receptive to in-store promotions. A win-win!

Configure the digital product future, don't recode it!

Start re-imagining your business with a Digital Product Bundling API strategy to launch new products that can be assembled across multiple lines of business and operational areas. And it gets better ... with APIs, your organization is now in a position to combine forces with partners, especially if they have already bundled their capabilities as APIs. In order to absorb more and more new identities, using APIs, your organization can now configure the future, not recode it!