



WSO2 API Manager 3.2.0 Developer Fundamentals

API Monetization



Why Monetize?



API Monetization allows organizations to expand their business and generate higher revenue by exposing their services and data via APIs. API Publishers can publish their APIs with competitive business plans to the Developer Portal. Thereafter, API subscribers (e.g., Application Developers) can discover, subscribe, and invoke these monetized APIs, and pay for their API usage based on dynamic or fixed business plans.

When API publishers publish their APIs on the Developer portal, they will need to have the option to bill the API Consumers for consumption.

Patterns of monetization will differ from API to API. API Manager gives you the option to connect a billing plan to APIs in order to monetize them.

The Billing Model



Each API is exposed over different usage levels. These usage levels are called tiers. Tiers are given different access restrictions. Tiers can be free or billable (that is, commercial) tiers.

A single API could have a mix of tiers where the API can be consumed without charges for evaluation and then consumers can later upgrade to a billable tier when necessary. When a publisher exposes an API over several tiers, the consumer can select their tier of preference when subscribing to the API based on his requirements, budget, what he wants to achieve and so on.

An API Consumer is invoiced based on the tiers consumed by his applications.

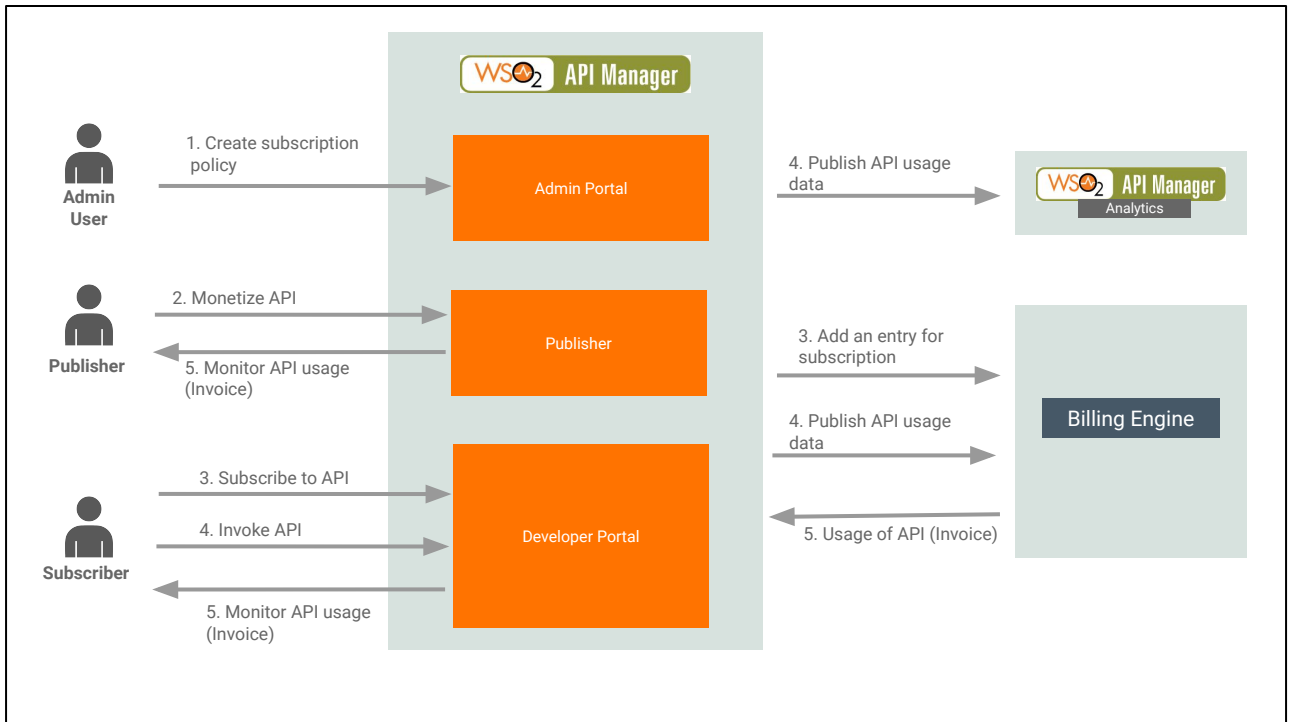
Steps for API Monetization

- Configure the billing engine (Stripe)
 - Create an Account and billing plan
- Configure API Manager and APIM Analytics
 - Connect Stripe with API Manager
 - Configure databases and workflows
 - Configure API-M Analytics
- Create a subscription policy
- Enable monetization
- Subscribe to monetized API
- Send usage data to billing engine
- Monitor usage of monetized API (invoicing)
 - Invoices can be viewed by the API Publishers as well as subscribers.

Link - [Monetizing an API](#)



An API is determined as Free, Commercial or Freemium depending on the Tiers specified on it. If all Tiers of an API are tagged as Free, the API will be labelled as a Free API and if all the tiers are tagged as Commercial the API will be labelled as a Commercial API. Freemium means that the API has a mixture of both Commercial and Free tiers. This labeling happens on the API Store only if monetization has been enabled.



After publishing the APIs, application developers will access the developer portal and start consuming the APIs. In order to invoice them, these users must exist in the billing system. Workflows are used to make sure that the accounts exist in the billing system. A workflow is a set of custom actions based on a user action.

Custom business workflows can be engaged for several user actions that are performed in the API store including subscribing to APIs. If a consumer is subscribing to a commercial tier and his account doesn't exist on the billing system this workflow will be used to direct the consumer to go and register himself in the billing system and make sure that he cannot subscribe to APIs without doing so. There will be several checks that will be happening at this point.

- First, the system will check whether the API is free or commercial. If free, the user must be allowed to move forward.
- If commercial, does the user exist in your billing system? If not, there will be an http redirect that will send the user to sign up in the billing system. The subscription will be created but it will be in an inactive state. It is created but you cannot really use it until you are registered in the billing system.

When the redirection happens to the billing system, we will be sending it a callback URL and the reference ID

Once you are in the billing system's user registration page - the user must add credit card info and other required info for invoicing purposes. Once user registration

happens successfully, you will be redirected back to the API store.