Top 9 Benefits of APIs to Your Enterprise

Today's enterprises are constantly looking for ways to stay ahead of the pack, maintain an edge, and dominate the marketplace. And Application Programming Interfaces (commonly shortened to APIs) offer them the best opportunities to unleash their potential and attain their business goals. Because of the benefits of APIs, enterprises can advance their growth and compete effectively in the current digital era.

Typically, an API is a software intermediary that acts as a communication link between computer systems, allowing them to access, interact, and extract a company's data and functions.

You may click here <https://blog.api.rakuten.net/what-is-an-api/> to read more on what is an API.

There are three main types of APIs:

- Private or internal APIs—focus on the internal operations of an enterprise
- Partner APIs—support integrations with select partners and customers
- Public APIs—exposed openly to the public

You may be wondering: why is API needed or how does API help businesses?

To answer such questions, we'll talk about top 9 API benefits to your enterprise.

We'll also talk about some disadvantages of APIs and how you can use the Rakuten RapidAPI Enterprise Hub <https://english.api.rakuten.net/enterprise> to ensure you reap the full value of your internal and external API subscriptions.

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Let's start by addressing the advantages of APIs.

1. Increases productivity

As the demand for modern software continues to rise, enterprises are looking for quick ways of prototyping and creating new products. If developers spend their valuable time building applications from the ground up, when a similar solution is already exposed as an API, it can negatively affect your enterprise's productivity.

APIs offer a powerful mechanism for faster development. With APIs, developers can quickly implement existing functionality instead of creating solutions from scratch.

For example, Microsoft provides a <u>Text Analytics API <https://blog.api.rakuten.net/top-10-best-text-analytics-apis/></u> that lets you perform various text analytics tasks, such as language detection, key phrase extraction, and sentiment analysis.

With such an API, you can leverage powerful state-of-the-art technologies and integrate them into your applications. This can greatly save development time and enhance your enterprise's productivity, enabling you to realize business goals faster.

In fact, according to a recent report <https://www.globenewswire.com/news-release/2020/04/14/2015763/0/en/2020-Study-83-find-API-Integration-Critical-to-Business-Strategy.html>, enterprises that leveraged APIs recorded a significant increase in productivity of 59% across several crucial elements of their businesses.

2. Saves costs

The costs of building an application differ depending on several factors, including the project's complexity, the type of technology used, and developers' expertise. According to one survey <https://www.formotus.com/blog/figuring-the-costs-of-custom-mobile-business-app-development>, developing and deploying an app costs an average of $270,000.
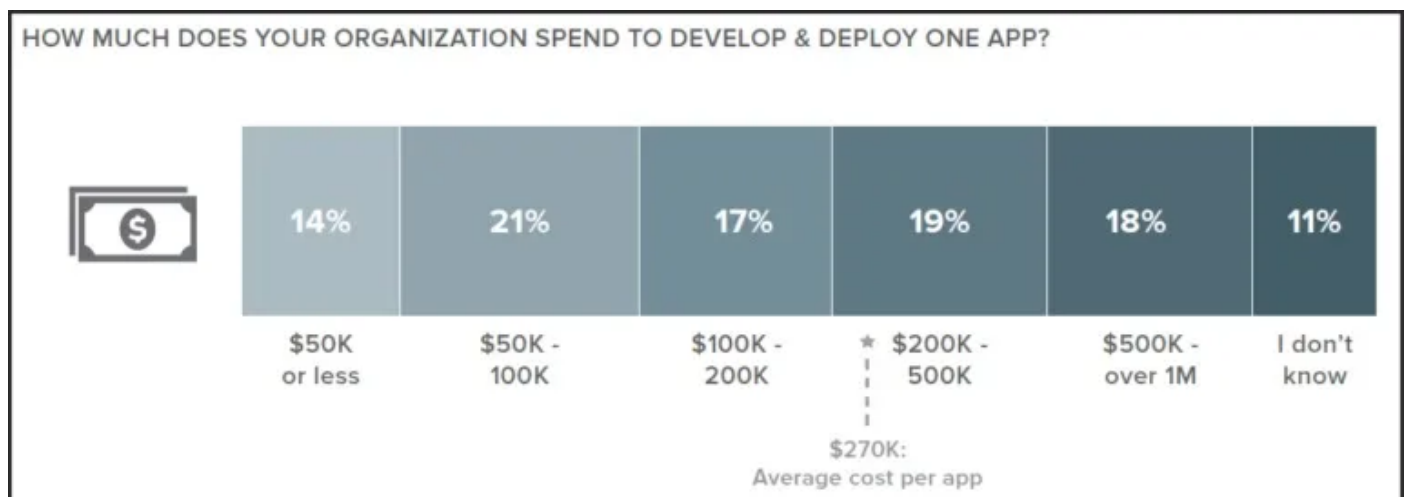
One of the greatest benefits of APIs for businesses is the ability to save costs. Since APIs significantly reduce the development effort, using them to create applications is a great way of reducing costs.

With APIs, developers can fetch most of the functionality they need to create applications from elsewhere—without the need of starting from scratch. Instead of spending their precious resources and time on reinventing the wheel, they can use cost-effective APIs from third-party providers or use their

own internal APIs.

Consuming APIs frees developers to concentrate on refining the unique capabilities of their apps faster, which assists enterprises to save resources and money.

3. Improves connectivity and collaboration

Private, or internal, APIs can improve collaboration and internal communication within an enterprise. APIs' core functionality is connectivity—they enable different systems, applications, and platforms to connect and share data with one another and perform varied types of functions.

In the early 1990s, the average company used a meager 5 to 10 different applications. Fast forward to today, it's estimated that the average company runs about 464 custom applications <https://www.skyhighnetworks.com/cloud-security-blog/every-company-is-a-software-company-today/>.

As new applications infiltrate organizations at unprecedented rates, it leads to disparate and siloed environments that hamper communication and connectivity. Many enterprises end up with disjointed systems that cannot share data and functionalities smoothly.

APIs act as the glue that enables these otherwise disconnected software solutions—such as those for customer relationship management (CRM), marketing automation, and financial services—to stick to each other and interact with ease.

This improved connectivity and collaboration create interoperable components that streamline operations and help enterprises deliver their desired functionalities without bottlenecks.

Additionally, APIs are of great benefit when an application is deployed using the microservices architecture <https://blog.api.rakuten.net/microservices-architecture/>; that is, the application is built as a suite of small, loosely coupled components that communicate with each other via APIs.

4. Encourages innovation

Another key benefit of APIs is that they enable enterprises to supercharge innovation. In today's digital age, more than ever, innovation plays a significant role in the success of organizations.

Enterprises that do not consistently introduce new products to meet the ever-changing customers' expectations and evolving technological trends are being left behind. In fact, it's estimated that 56% of customers <https://www.salesforce.com/research/customer-expectations/> strive to make purchases from the most innovative companies.

APIs are great for driving disruption and innovation. By leveraging APIs, enterprises can implement cutting-edge technologies with fewer resources, adapt to customer requirements fast, and open up new avenues for growth.

APIs are beneficial in allowing enterprises to solidify their competitiveness, differentiation, and efficiency. According to the above mentioned report, enterprises that integrated APIs recorded a rise in innovation by 51%.

Gartner <https://www.gartner.com/smarterwithgartner/apis-are-at-the-heart-of-digital-business/> affirms that APIs are important in reducing the friction usually caused by a bimodal IT strategy; that is, where legacy systems (Mode 1) are run alongside flexible, innovative solutions and approaches (Mode 2).

APIs can act as the connecting layer that allows for a more coherent interaction of the two modes, leading to the deployment of innovative and feature-rich applications. With APIs, you can flawlessly extract value from legacy data sources and enhance your current systems' capabilities.

5. Enhances customer experience

Let's now talk about the benefits of API for customers.

By leveraging APIs' capabilities, enterprises can create new and effective ways of interacting with

customers, especially in the current digital age when consumers demand top-notch experiences.

Primarily, today's customers are interested in personalized experiences—rather than one-size-fits-all business solutions. Gartner <https://www.gartner.com/en/executive-guidance/impact-of-personalization> reports that companies that implement personalized messaging around assisting customers can expect a 16% increase in business outcomes than those that do not.

Organizations that expose their data and services via APIs can empower their API consumers to take control of their own customer experiences—leading to endless possibilities. These interfaces enable consumers to take a driver's seat and discover the weaknesses in the customer journey.

With APIs, developers can create solutions that meet specific customer expectations, something that could be difficult to achieve without them.

For example, many brands use APIs to deploy innovative artificial intelligence and predictive analytics technology that analyzes a buyer's unique journey and recommends the "next possible action". This improves the customers' shopping experience and yields more sales.

6. Improves marketing

Exposing APIs enable enterprises to supercharge their marketing efforts. They allow them to expand their reach and penetrate new market frontiers that otherwise could not have been fronted.

Most enterprises have realized that a traditional approach to IT cannot let them realize the growth they want. Depending only on your companies' capabilities may not enable you to market your services with the aggressiveness required in the modern era.

Organizations do not possess unlimited resources. No organization can boast of a lock on the best ideas. Therefore, they are tapping into the larger world of developers to expand their market reach—which otherwise could be difficult to attain either because of lack of awareness or insufficient resources.

For example, IBM released the Watson API <https://blog.api.rakuten.net/top-10-best-natural-language-apis/> to allow developers to take advantage of its state-of-the-art AI technology and implement it into various use cases. As a result, IBM has galvanized a large number of third-parties and expanded its reach in a wide range of industries, including travel, shopping, and medical care.

Furthermore, internal APIs can greatly reduce the time-to-market new products and services. Because APIs enhance connectivity and collaboration, as discussed above, they lead to creating high-quality products in a shorter time, which ensures the products reach the end-users faster.

Private APIs also enable more effective apportioning of internal resources. This allows for faster development of new, interoperable features. For example, with APIs, one team can work on the payments feature, another on the login feature, and so on. You do not have to limit your entire developer team to work on a single item, one at a time.

According to one study <https://docs.broadcom.com/doc/apis-building-a-connected-business-in-the-app-economy>, about 34% of the surveyed firms use APIs to increase speed-to-market.

7. Collects data for intelligence analytics

Data in the twenty-first century is similar to oil in the eighteenth century: an enormously, unexploited valuable resource. Just like oil, enterprises that recognize data's tremendous usefulness and extract it can realize massive rewards. Today, data is an essential asset that powers the digital economy.

If enterprises take APIs seriously, they can provide an easy and quick way of mining value from data. By creating APIs and releasing them to the public, you can monitor and analyze <https://blog.api.rakuten.net/api-analytics-and-monitoring/> how third-party developers are using

them. This allows you to get useful insights into how consumers are interacting with your products.

With the acquired intelligence analytics, you can better understand your target market, identify weak areas in your business' operations, and improve your core products.

For example, Google provides an innovative machine learning API <https://blog.api.rakuten.net/top-machine-learning-apis/> that lets third-party developers add high-tech AI prediction capabilities into their applications. Since every data point sent to the API is stored on its servers, Google uses tons of the user-generated data to enhance its AI models' performance.

8. Creates new revenue opportunities

Another importance of APIs to your enterprise is that they create new revenue opportunities. By monetizing APIs <https://blog.api.rakuten.net/api-monetization/>, you can unravel your digital resources' value and discover new ways of expanding business' growth.

If you expose functionalities via an API, you can charge users (or use a revenue-sharing formula to pay them) for consuming it. It's what you need to mine your services and data for gold and increase your organization's profits.

Just like the Internet allowed businesses to expand their reach beyond the traditional brick-and-mortar locations, APIs empower modern companies to reach new heights and transform their digital assets into new income streams.

It's no surprise that some popular tech companies have built their businesses around creating and selling API calls. For example, Stripe <https://www.cnbc.com/2020/04/16/stripe-raises-600-million-funding-round-at-36-billion-valuation.html>, which provides payment APIs, is valued at around $36 billion, and Twilio <https://www.macrotrends.net/stocks/charts/TWLO/twilio/net-worth>, which provides communication APIs, is valued at around $40 billion.

9. Builds new product capabilities

Wrapping up your organization's functionalities and exposing them as an API can be a tantalizing offer for external developers to create applications on top of them. Apart from building stronger business

external developers to create applications on top of them. Apart from building stronger business partnerships, this allows for creating more niche features that may not have been initially envisioned.

For example, Trello offers a cloud collaboration API <https://blog.api.rakuten.net/top-collaboration-api/> that enables third-party developers to create content extensions that the company wouldn't have otherwise built. The new features, such as platform-specific messaging notifications and checklists for tasks, enhance Trello's capabilities beyond its primary offerings.

Furthermore, APIs are great for maintaining product relevance, especially in this age when technology is advancing at a fast pace. For example, eBay provides an eCommerce API <https://blog.api.rakuten.net/best-ecommerce-apis/> that lets external developers create tighter experiences on its shopping platform. This way, users can enjoy a better shopping experience, and eBay can remain relevant while gaining access to more verticals.

Disadvantages of APIs

After talking about the API key benefits to your enterprise, let's now address their shortfalls.

- **Prone to security issues**

Primarily, the security of API programs <https://blog.api.rakuten.net/api-security/> remains one of the main concerns for most organizations.

Recently, several security breaches have been traced to the exploitation of APIs. For example, in 2018, the U.S. Postal Service <https://krebsonsecurity.com/2018/11/usps-site-exposed-data-on-60-million-users/> had a security weakness in one of its APIs that exposed the account details of about 60 million users.

Astonishingly, Gartner <https://www.gartner.com/en/documents/3834704> reports that, by 2022, vulnerabilities in APIs would constitute the biggest percentage of data breaches experienced in enterprise web applications.

While there are several benefits of API-first approach, you cannot underestimate their ability to make an enterprise a soft target for cyber-attacks. Therefore, you need to implement robust measures to mitigate API security risks.

- **Leads to dependency syndrome**

Another disadvantage of APIs is that it could make your applications reliant on their performance, if you deploy applications using them.

For example, if an API goes down, your application could also go down; if an API is breached, your data could also be leaked; and if an API is slow, your application could also be slow.

- **Difficulties in management**

Additionally, managing the consumption of APIs is difficult. It is estimated that the average enterprise deploys about 363 APIs <https://www.slideshare.net/Imperva/api-security-survey>. If several APIs are running—with multiple endpoints, services, and moving parts—it becomes challenging to govern their usage <https://blog.api.rakuten.net/api-governance/>, understand their evolving requirements, or scale them to meet the growing demand.

So, the lack of proper visibility into API programs' health is another disadvantage that may hinder their optimal performance.

How Rakuten RapidAPI Enterprise Hub Can Help

The business benefits of APIs are vast. They are powerful mechanisms that allow enterprises to generate a good return on investment. APIs have become a critical catalyst that drives the advances of most modern organizations.

However, if they are not taken seriously, APIs may not live to their full value. To realize the full advantages of APIs, and get more business success, you need to go for Rakuten RapidAPI Enterprise Hub <https://english.api.rakuten.net/enterprise>.

The Enterprise Hub is a comprehensive API platform <https://blog.api.rakuten.net/api-platform/> that lets you abstract many day-to-day pain points of administering APIs, ensuring you make the most out of them. It comes with a wide range of tools for assembling, securing, scaling, socializing, and managing your internal and external API programs.

With the Enterprise Hub, you can get detailed analytics and monitoring reports about your APIs' consumption, gain deeper visibility into your APIs' performance, and establish critical API attributes, such as security, rate limiting, and key management.

It's what you need to revolutionize the way you do business in the current digital age.

You may contact us <https://api.rakuten.co.jp/en/inquiry/service_inquiry.html> right now to get started using it.

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