The API Evolution: We've Reached Critical Mass

Application Programming Interfaces, or APIs, have come a long way. Today's APIs are not only technical, back-end integrators that are relevant for platforms like PayPal or Facebook, they are often public-facing tools that can be used by numerous businesses in various ways. While many may see APIs as just a technical concept, a well-designed, customer-facing API acts as a software "storefront" that enables consumers to easily access software services. Modern APIs provide organizations with a critical link to data and services that enable rapid innovation, open up markets for new goods and services, and serve as the basis for future partnerships. We talked to API strategist Matt McLarty and our own Bruce Diesel on how the API market is transforming.

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Global Leader of API Strategy, MuleSoft

Q&A

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Product Manager and SME for APIs, Diebold Nixdorf

WHY HAVE APIs SUDDENLY TAKEN ON STRATEGIC BUSINESS VALUE?

I think there are a few factors. Pioneers like Salesforce, eBay and social networks set the example of how you could use APIs to build a platform business model. Following that lead, we're now seeing industry regulations like PSD2 in Europe and CDR in Australia drive the need for external APIs. All of these examples show how important APIs are in connecting to all touchpoints in the digital economy.

I believe critical mass has been reached in terms of customer demand. De facto standardization, in terms of integration and discovery, have created low-friction consumption and packaging of standard services, while leaving customer engagement and experience in the hands of the service provider.

WHEN WILL B2B CONSUMERS CONSIDER ACCESS TO PRODUCT VIA API A MINIMUM REQUIREMENT?

I think B2B customers of SaaS solutions and other software-based products should already be at that point. The digital economy functions as an open ecosystem, so companies need to optimize based on customer experience. Connecting to partners through APIs ensures they can take advantage of best-of-breed third party capabilities while owning their own customers' experiences.

This may be a bit dependent on each industry and its stage in digital transformation. In the Retail Banking industry, traditional brick-and-mortar banks have been disrupted by fintechs, digital challengers and regulatory changes like PSD2. At DN, we are seeing a ramp in demand for access to our products through APIs.

HOW IMPORTANT IS THE DEVELOPER EXPERIENCE (DX) ROLE IN A SUCCESSFUL API STRATEGY?

Two of the biggest success stories of the API economy are Twilio and Stripe. Both companies focus heavily on developer experience, since the time savings they provide through DX translate to real time-to-market savings for their customers. I see more organizations recognizing that API usability is almost as important as API usefulness.

One of the signs of maturity of role definition is when agreed KPIs start to appear that quantify the value of that role. I haven't seen any formalization of this yet, but we are seeing an agreement that the developer persona is one of the key customer personas to be targeted. This demand will translate to a formalization of that role.

WHAT ARE THE KEY ELEMENTS OF AN API STRATEGY?

I think established companies need to be very clear on their business goals for adopting APIs. I find it very helpful to map out some visionary customer experiences, a business model to support those experiences, and the API roadmap needed to enable them. Those strategic elements help companies avoid getting hung up on fear of self-disruption and other self-imposed obstacles.

From an external perspective, I would emphasize business value, discoverability and frictionless consumption. Internally, it is absolutely key that stakeholders understand that APIs are a new route to market which requires specific consideration in terms of the supporting business model and go to market. APIs aren't just going to sell themselves.

HOW IMPORTANT IS IT TO "DOGFOOD" (USE IT YOURSELF, FIRST) YOUR OWN APIs?

Amazon Web Services (AWS) is a great example of API dogfooding. Because they had an approach of exposing all their internal services as APIs, Amazon was able to quickly offer AWS to the market. But it wasn't just the APIs they built; they also had product management discipline and autonomous team structures to support these services. It's always important to consider the non-technical API aspects in addition to the tech.

I mentioned earlier that the Developer Persona is a key persona targeted with APIs. What better way to polish your product offering than using it yourself? Reliability is a critical attribute of APIs and maximizing utilization drives reliability. Not consuming your own products is a powerful deterrent to potential customers.

THE TAKEAWAY

As we drive into the future of connected commerce, virtually every touchpoint will need to have the ability to "talk" to every other touchpoint—whether those touchpoints are technical back-end systems and platforms, individual apps and security tools or regular people trying to get something done. Financial industry leaders already realize how critical these programming interfaces are to enablement—and the arms race is well underway to develop the user-focused, open APIs that will power omnichannel interactions. If you don't have an API strategy yet, 2021 is the year to do it.

For more information on this topic check out:
- MuleSoft's API Strategy Hub
- API's Unplugged Podcast