



Think back to the 1990s. It was a disruptive time for traditional business models, beginning with the rush for a Web presence, followed by the shift from bricks and mortar to so-called “clicks and mortar.” Today, application programming interfaces - commonly known as APIs - are the new must-have for business, representing the future of customer and community engagement with far broader implications than traditional Web-based business models.

APIs used to be a technical implementation detail reserved for developers and architects. Most executives could hardly spell A-P-I, let alone

This confluence of factors has created a perfect storm of sorts where a vast constellation of applications meets a massive network of end-users. At the center is an explosive opportunity to find and mine new customers and communities that companies can tap into by way of APIs.

Standing on the shoulders of visionaries

Amazon CEO Jeff Bezos is known for his uncanny ability to see around corners and to identify patterns before the rest of us. That visionary insight led him to famously mandate that all IT assets were to be exposed as APIs. That single, simple declaration created an IT

money with APIs depends on your product and your business model. Some companies expose core features for consumption within complementary apps. A good example is Salesforce.com, which provides CRM tools that complement a wide variety of collaborative and line-of-business applications.

Twitter and Facebook, on the other hand, count on APIs to drive much of the usage that makes their platforms valuable in the first place by expanding engagement beyond their primary user interfaces, out to the edges via third-party Web, mobile and social applications. Netflix, Amazon and eBay use APIs to share

API strategy requires the same thoughtfulness, rigor and discipline applied to any commercial product strategy. Slapdash, half-measure development efforts and a “Field of Dreams” approach to promoting APIs won’t get you there.

If you build it, they won’t necessarily come

That’s why an API strategy depends on proper definition, governance, quality assurance and a plan for making your APIs discoverable and consumable by developers. It’s also important that you learn how to manage and curate your community, providing developers the trust, assurance and resources they need to successfully leverage your APIs.

Not just for the “it” crowd

All of this is to say that the API economy is here and it certainly isn’t reserved for the exclusive few companies that were born on the Web and seem to innately understand how to leverage technology for business advantage.

Still, despite the persuasiveness of the API promise, the majority of “traditional” companies remain on the sidelines, perhaps daunted by what they see as an opportunity for a slightly hipper crowd. But the reality is that the opportunity exists for companies across all industry sectors to follow patterns set by these innovators to unlock their own waves of growth.

There was a time when a company’s market reach was limited to its direct sales organization, OEM and distributor channels and perhaps a website or two for online commerce. With the rise of the social web and an app-centric business and consumer cultures, virtually every developer is a target for your APIs and every application they create is a channel to reach new customers ■

API That Drives the Digital Economy

Mohammad Javed Morshed Chowdhury

understand their purpose for programmatic access to software-based products. But that’s quickly changing, as APIs become a primary customer interface for technology-driven products and services and a key channel for driving revenue and brand engagement.

Social everything, mobile everywhere

What’s changed? You can thank social networking, social commerce, social content and their patron saints Facebook, Twitter, Netflix, Amazon and eBay, among others; and, in no smaller measure, a vibrant, viral (some may say virulent) generational culture of simple, clever and targeted end-user applications driven by Apple, Android and the rise of the app economy. Mobile devices are our new appendage and apps are the currency of trade.

(and cultural) architecture that catalyzed and stoked the stunning growth of Amazon Web Services, which is thought to be a billion-dollar business unit after only a few short years of growth.

Perhaps even more impressive is the fact that, today, Salesforce.com generates more than half of its \$2.3 billion in revenue through its APIs, not its user interfaces. Twitter is said to process 13 billion transactions a day through its APIs. Google is around 5 billion transactions a day. For it is part, Amazon is rapidly closing in on a trillion transactions. Not bad for an online bookseller. And these are not isolated examples. APIs are a key growth driver for hundreds of companies across a wide range of industry sectors. It’s not just for Silicon Valley visionaries anymore.

How APIs ring the cash register

Exactly how you make

freemium content and commercial offers within third-party applications that drive commercial transactions and subscription growth.

Tapping into the power of communities

APIs are the vehicle that connects a product or service to these massive new communities, allowing developers and end-users to find innovative ways to incorporate your features and services into new social and mobile applications. When they do, your cash register rings.

The best part is that the developer community has uncovered and enabled these opportunities on your behalf. All you’ve had to do build and promote the APIs for developers to discover and consume. Of course, it’s not quite that easy. A successful