

Forrester Opportunity Snapshot: A Custom Study Commissioned By Rogue Wave Software | July 2018

Expand API Implementations In The Digital Age

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Expand API Implementations In The Digital Age

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Optimize Your API Integrations With Sound Business Cases

Early API adopters quickly recognized the capabilities and outcomes of utilizing APIs. As a result, companies are expanding their APIs to new internal and external use cases. With this expanded potential, businesses need a coordinated approach that: 1) considers scalability, security, architectural flexibility, compliance, and governance as part of an expanding portfolio of different types of APIs and 2) manages that portfolio in a consistent manner.

In June 2018, Rogue Wave Software commissioned Forrester Consulting to conduct a custom survey of 152 API management and digital transformation decision makers in the US and UK. The objective was to evaluate how companies have historically leveraged APIs, understand plans to expand API usage, and identify future API management and implementation strategies.



Company revenue

- > \$500M to \$1B: 47%
- > \$1B to \$5B: 32%
- > Over \$5B: 21%



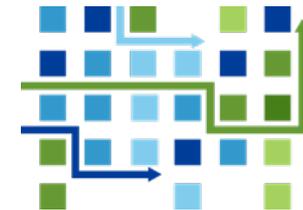
Position

- > C-level: 10%
- > VP: 30%
- > Director: 60%



Position of respondent

- > Marketing/advertising: 18%
- > Operations: 18%
- > IT: 64%



Currently utilizing API management platform

- > Yes: 68%
- > No, but implementing: 24%
- > No, but will in the future: 7%

Note: Percentages may not total 100 because of rounding.

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Organizations Expand API Use Cases Beyond Current State

Traditionally, APIs have been seen as a mere data access mechanism. But the future is one where APIs have greater purpose — firms will rely on them to integrate applications with mobile and cloud services in the near term and any number of third-party services further out. This speaks to an evolution of thought and construction around building modern applications.

Organizations have identified a diversity of potential use cases for APIs not only for their current business needs but with an eye toward expanding these in the future.



“How is your company utilizing APIs today? How would your company like to be utilizing APIs in the future?”

■ Today ■ In the future



Base: 152 API and digital transformation decision makers at US and UK companies with revenue \$500M+
Source: A commissioned study conducted by Forrester Consulting on behalf of Rogue Wave, July 2018

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Most Organizations Struggle To Overcome Internal Challenges In API Implementation

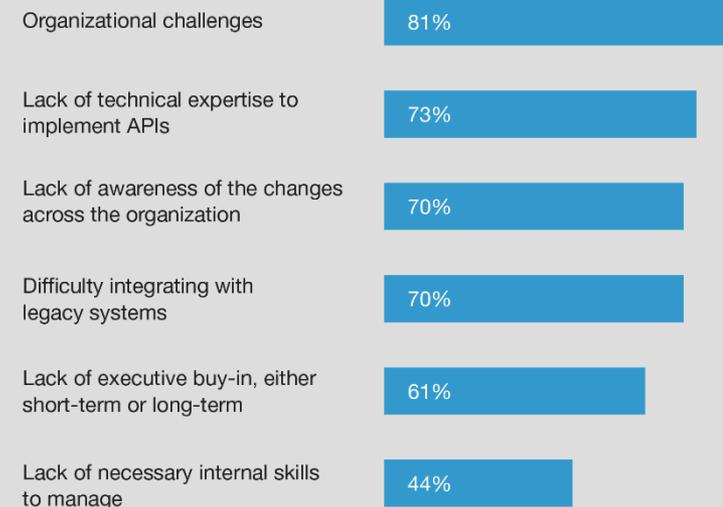
Firms struggle to implement APIs: over 80% of digital transformation decision-makers listed organizational challenges as their top hurdle in the implementation process. This is troublesome considering the buy-in needed to get the tools and resources to successfully implement or expand API management.

Further compounding these issues, 53% of organizations don't feel they have the right tools or skills to expand current usage of APIs. Without the skilled people to do the work, organizations will continue to spin their wheels in place. As organizations set their goals to expand API usage, getting the proper organizational awareness and technical expertise needs to be top of mind.

73% of organizations lack technical expertise, and 70% lack organizational awareness to implement APIs.



“What challenges did your company experience when implementing your current APIs?”



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Organizations Leverage APIs To Drive Efficiency And Reduce Cost

While digital transformation and innovation are frequently linked with the value of APIs, the most common drivers behind using APIs focus less on broad, lofty goals and more on specific tactical gains. For example, the top business drivers cited were simplifying integration with external tools and reducing application development costs. Digital transformation is still important, but companies are focusing on more concrete outcomes of using APIs to reach that goal. While the drivers are clear, 60% of companies still desire more strategic direction on their intended use of APIs. Once that strategy is in place, companies will also need the proper platform and developer talent to support those new use cases.

“What were the business drivers behind your company’s decision to use APIs?”



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“What does your organization need to better support expanding the use of APIs?”



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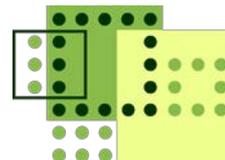
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Most Companies Are Not Prepared To Govern APIs

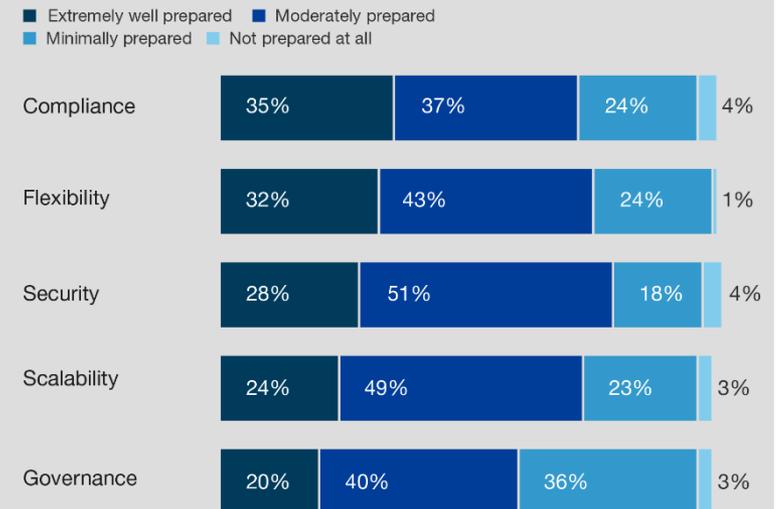
Forty-eight percent of companies said better governance is important for supporting the expanded use of APIs. However, 40% consider themselves to be poorly prepared to manage that governance. When asked which component of API management was most important, only 9% said governance — with flexibility (i.e., enabling innovative outcomes from existing resources) and security (e.g., authenticating users) topping the list.

Security concerns are always present. Forty-three percent ranked third-party security risks as a top concern as they expand their API strategies. Even with API security, just 28% feel extremely well prepared to deliver on it, leaving the door open for improvement as companies expand the ways in which APIs are used.

Companies prioritize flexibility (32%) and security (28%) for managing APIs.



“How well prepared is your company to deliver on the following elements of API management?”



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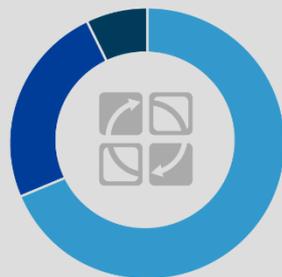
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API Management Platforms Must Play An Increased Role In Supporting Expanded API Usage

As usage of APIs grows, companies will need a proper platform to manage that growth effectively. Interestingly, 68% of our survey respondents are already using an API management platform. However, most companies are only using those platforms to manage a small to moderate percentage of their overall APIs. Considering the governance challenges companies are facing, connecting all APIs within a single management platform can be extremely beneficial for companies looking to optimize their API management.

“Does your company currently utilize an API management platform?”



- Yes (68%)
- No, but in the process of implementing (24%)
- No, but we would like to in the future (7%)

Base: 152 API and digital transformation decision makers at US and UK companies with revenue \$500M+
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“To what extent is your company using an API management platform?”

To manage a small percentage of our APIs (between 1% and 29%)

36%

To manage a moderate percentage of our APIs (between 30% and 59%)

53%

To manage a large percentage of our APIs (between 60% and 100%)

12%

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Expanded API Use Cases Bring New Benefits

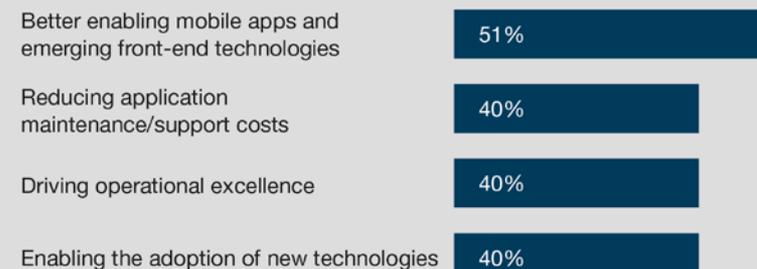
Organizations use APIs because they offer critical benefits. When asked about the value of the APIs they currently use, organizations primarily listed operations focused benefits, such as enabling mobile apps to better connect with business processes and enabling business agility to respond to competitive threats. As companies expand their API use cases, those same expected benefits remain, but companies also shift toward enabling customer-facing processes and reducing costs. New APIs can also enable the adoption of new technologies that were previously inaccessible, such as mobile and cloud applications.

“What primary business benefits did your company experience by implementing your current APIs?”



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“What are the top business outcomes/benefits your company anticipates by expanding your API use cases?”



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Conclusion

APIs have tremendous business value for companies that can utilize and manage them effectively. The impact has been so substantial that many companies want to expand their use of APIs to several other use cases, which include both internal and external applications. While businesses are keen to reap the benefits of these APIs, many are not adequately prepared to manage all the necessary security and compliance needs of multiple new APIs.

Many companies are already using API management platforms, but only a subset of their current APIs are managed by those tools. Companies that want to maximize the value of their APIs need to set a clear strategy for how APIs will be used and then ensure they have the proper tools and processes in place to manage and govern them. By doing so, the value of APIs will expand to encompass customer-facing benefits and create new technology opportunities for the businesses.

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METHODOLOGY

This Opportunity Snapshot was commissioned by Rogue Wave. To create this Snapshot, Forrester conducted a custom survey of 152 decision makers involved in their companies' API management or digital transformation decisions. Respondents had to work at companies with at least \$500M annual revenue, be in the US or UK, and be a director or above within the marketing/advertising, operations, or IT departments. The custom survey was completed in July 2018.

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