# Why APIs will save your business from getting "Uber-ed"

By Gary Little
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## It's no longer about what you build alone. It's about how you smartly incorporate what others have built.

I am seeing a technology shift that only happens every 10 to 15 years – one in which companies will become "composites" of other companies.

Uber is a perfect example. It didn't have to build its own mapping, payment, or communications systems. Instead, Uber is a composite of what it considers the best of those programs and more — Google Maps, Stripe (payment), Twilio (for mobile SMS), Oracle, etc. Uber was able to quickly connect to these systems using little pieces of code called APIs.

MuleSoft is in the business of APIs, and today's announcement of MuleSoft's latest $128 million financing round at a $1.5 billion valuation is evidence that this trend is more than gathering steam. [Disclosure: I am an early venture investor in MuleSoft.]

Companies pursuing API-led connectivity strategies include MasterCard, Unilever, Nestle, Tesla, Intuit, BSkyB, Verizon, News Corp and Sutter Health. This shift it is only possible because of a once-in-a-generation convergence of megatrends: cloud, mobile, and the "Internet of things."

If you're not taking full advantage of this trend, your organization could be "Uber-ed" and out-innovated, just like the taxi companies have been. Uber has upended the global taxi industry in

large part by using APIs masterfully. In just a few short years, Uber has become seemingly ubiquitous and is reportedly valued at $50 billion. The old-world taxi companies are struggling to compete with this API-savvy juggernaut. You don't have to be in the transportation industry to be Uber-ed. Any business without a viable API strategy stands to be altered on this scale.

Why CEOs Should Care

Companies are currently spending more than $590 billion per year to integrate existing, disparate systems. Traditional businesses rely on large sales forces, paperwork, and fax machines to generate revenue with customers and through partners. This is expensive, time consuming, and scales only as fast as the sales force grows. Today's startups eliminate much of this friction, time, and cost by building their solutions with best-of-breed components, which they access via APIs, or "application program interfaces."
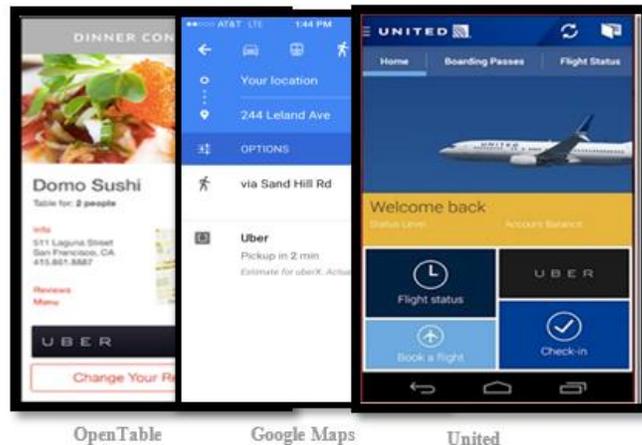


Using APIs as building blocks, Uber was able to go to market far more quickly and nimbly than its competitors. What's more, in August 2014, Uber launched a publicly-accessible API that would become the foundation for their digital ecosystem, allowing companies like OpenTable, Google and United Airlines to embed Uber into their apps.It's a mutually beneficial arrangement: Uber reaches more customers and establishes new revenue streams, while app providers like United Airlines, Open Table, Google Maps and others can offer a transportation service to their customers and profit from it at the same time.

Contrast this with Hertz, Avis, and other rental car agencies that have been United Airlines partners for decades, but are nowhere to be found in the United mobile app. That's because these rental car companies don't have an API (or at least not one that's public). OpenTable, Google Maps, Starbucks, and dozens of other apps offer the Uber service — but not services from Uber competitors like Lyft — so there is definitely a first-mover advantage in each market.

Another simple but enormously successful example is UPS, founded 108 years ago. UPS has captured a large share of the parcel-shipping market for the burgeoning online commerce sector

by publishing an API – just a few lines of code – which makes it easy for shopping sites to integrate shipping seamlessly into their online check-out process.

The "Connected Era" is Happening Now

There are progressive management teams productizing their company's value-add as a service via APIs now, allowing any connected business to instantly become a customer or partner. Everything and everyone will be connected digitally – including customers, employees, partners, and even "things" like appliances and cars – all through APIs. How a business wins or loses is increasingly dependent on how well they connect to external third party apps, devices and services.

More Examples

News Corp Australia's CIO Tom Quinn last year declared a "cloud first" strategy that gets rid of hundreds of applications residing in the company's data centers. This shift requires big changes in the way IT is delivered. Said Quinn: "Technologies are changing so fast, and new systems are coming onboard so often, that you don't want to be locked into a big monster piece of tech. We are not holding the business ransom to detailed, intricate, costly in-house development in order to get things hooked together." With APIs, you can hook, and unhook, to the best available software and services on your own timetable.

Sutter Health is a large hospital network in California serving more than 10 million patients each year. It created an app in three months with APIs, versus nine months without, to help diagnose and better treat an autoimmune disease. Previously, accessing information across multiple data sources used to be a huge challenge. Now it's possible to get real-time access to healthcare data. The Sutter Health app connects disparate data—from EMRs to administrative systems—and can display this data on any device.

So whether you're the CEO of a Fortune-500 company or small business, building a company from scratch or reinvigorating a well-established one, you owe it to your stakeholders to explore what APIs can do for your business.

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