

2022 State of API Integration



About the Report

The 2022 State of API Integration report is a study aiming to discover:

- Which new cloud technologies are on the roadmap in the next 12 months?
- What stage are companies at in their integration strategy?
- Who has the ownership of managing and delivering integrations?
- What are the plans around creating, sharing, and deploying APIs?
- What are the perceived barriers to the adoption of an integration platform?
- What are the drivers to consider pre-built integrations?



Executive Summary

Digital proliferation has led to the creation of complicated IT environments. The complexity can be even higher for organizations dependent on legacy systems, as they need to bring in data residing in legacy systems, while they modernize IT with new cloud technologies. It is very critical for IT leaders to have a cohesive ecosystem in which the applications are interconnected, allowing seamless data exchange. To make this a reality, companies need to have integration strategies that enable disparate systems to communicate. It would have a cascading effect leading to increased productivity, efficiency, speed-to-market, and team collaboration. The integrations help leverage the latest technologies to automate and streamline business processes essential to drive revenues and improve customer, employee, and partner experience.

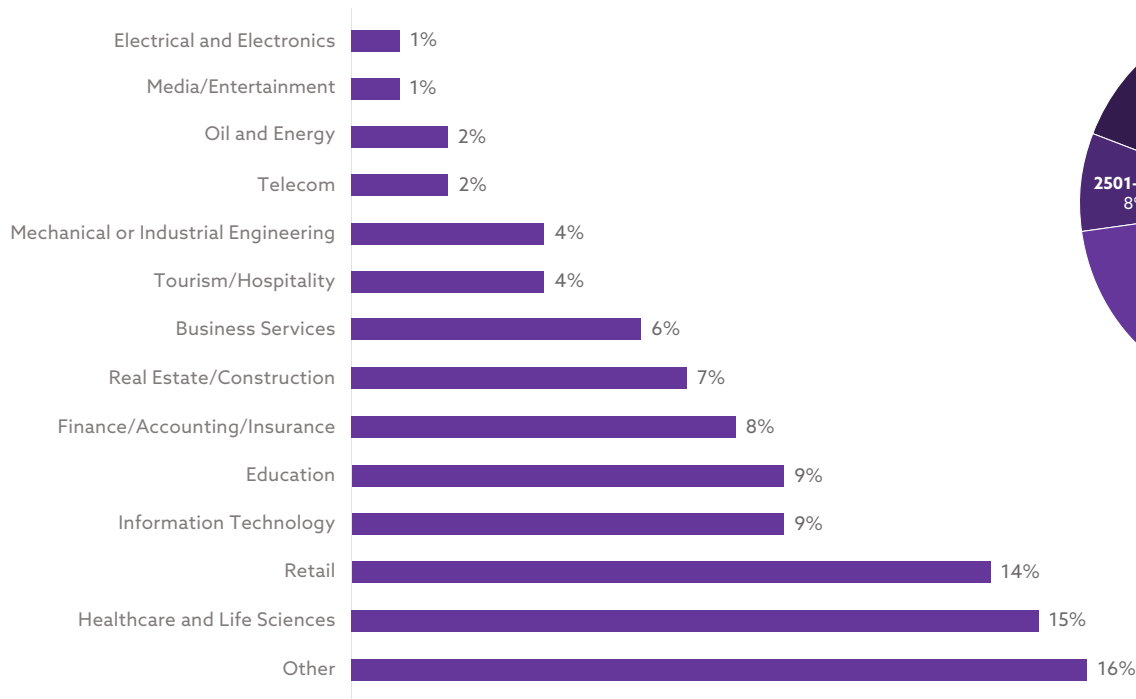
Many organizations already have an API integration strategy in place while some are still at a stage where they have not included it yet. As Gartner quotes, "By 2025, more than 75% of the midsize, large and global organizations will establish integration strategy empowerment teams to support collaborative integration, up from 40% in 2021". Those companies that incorporate these integration strategies should greatly benefit and have a substantial edge in a highly competitive market landscape.



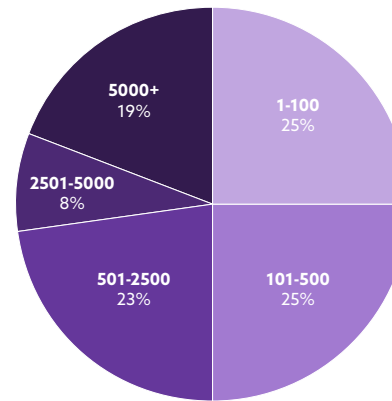
Methodology

The survey had respondents from over 100 companies of varying sizes from a multitude of industries functioning in different departments and levels. The largest number of respondents were from the IT department while the second-largest were from sales and marketing. Almost all of the respondents had designations of a manager and other mid-senior level roles.

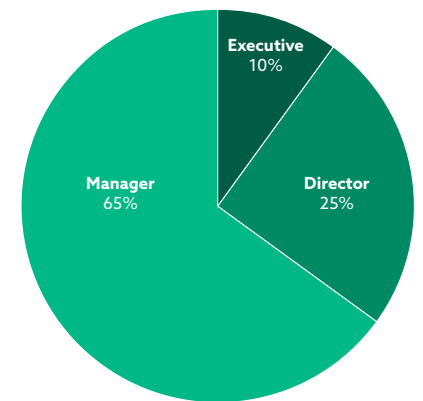
Industries Represented



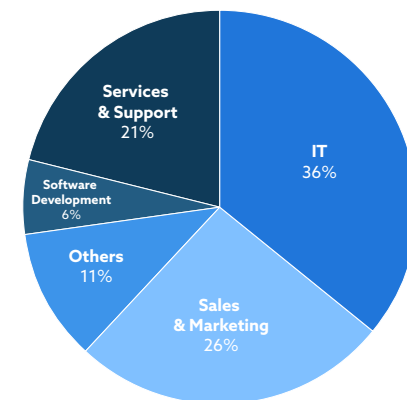
Number of Employees



Experience Level



Employees by Department



Key Findings

While most of the organizations participating in the survey agreed that a well-defined integration strategy is the way forward, they did provide a varied set of perceptions. The following key insights stood out.

IT ECOSYSTEMS WILL BE MORE CROWDED THAN EVER

The adoption of cloud technologies has rapidly accelerated, irrespective of the size of an organization. The adoption is driven by the need to handle increasing data volumes, maintain budget prudence and be agile to stay competitive. From the survey, **44%** of respondents have at least 3 cloud systems deployed, with **56%** indicating that they would deploy at least 2 new cloud systems in the next 12 months. The digital transformation which was already underway has been accelerated with the COVID-19 pandemic, with more companies adopting cloud technologies. Companies leverage cloud technologies to achieve operational efficiencies, optimize resource utilization, and ultimately serve their customers better. This is underlined by the survey results, where **91%** of respondents said the cloud-only solution delivery model is their preference. As cloud adoption rises, integration strategies become crucial to create connected digital environments.

BALANCED INTEGRATION STRATEGIES ARE KEY TO MAXIMIZING ROI

Every organization tries to maximize ROI, and this holds true even when IT infrastructure investments are put in focus. Organizations that have made prior investments in older legacy systems want to adopt newer technologies like IoT, AI/ML, and cloud to keep evolving. Integration helps to create a hybrid environment integrating legacy and modern systems allowing companies to draw maximum benefits. This was highlighted in the survey with **45%** of the respondents indicating that connecting on-premises legacy systems with modern cloud-based applications. Integrations enable data extraction from various sources and share it between applications allowing companies to create a balanced IT environment that includes legacy and modern applications. With hybrid integrations, companies leverage data from disparate sources by connecting applications, irrespective of where they are hosted – in the cloud or on-premises. The information flows seamlessly, thereby helping in improving collaboration and keeping the business and IT goals aligned.

DEMOCRATIZATION OF INTEGRATION BY THE BENEFITS OF LOW-CODE/ NO-CODE PLATFORMS

In the survey conducted, **47%** of the respondents said that their central IT team manages the application integrations for the entire company while **30%** said that there is shared responsibility between a department and the IT team. Traditionally, integrations have been delivered in a centralized fashion with the onus on the IT department. However, with time, a collaborative approach where IT and key stakeholders from respective departments work together to design, build, and deploy integrations is gaining traction. Each department has a specific set of use cases and requirements that they know the best. The latest integration tools with a low code/no-code approach allow the less technical users from these departments like HR, Sales & Marketing, etc. to build integrations themselves easily. A shared responsibility model with decentralization can help build a cohesive strategy to create seamless integrations, boosting productivity and efficiency across teams.



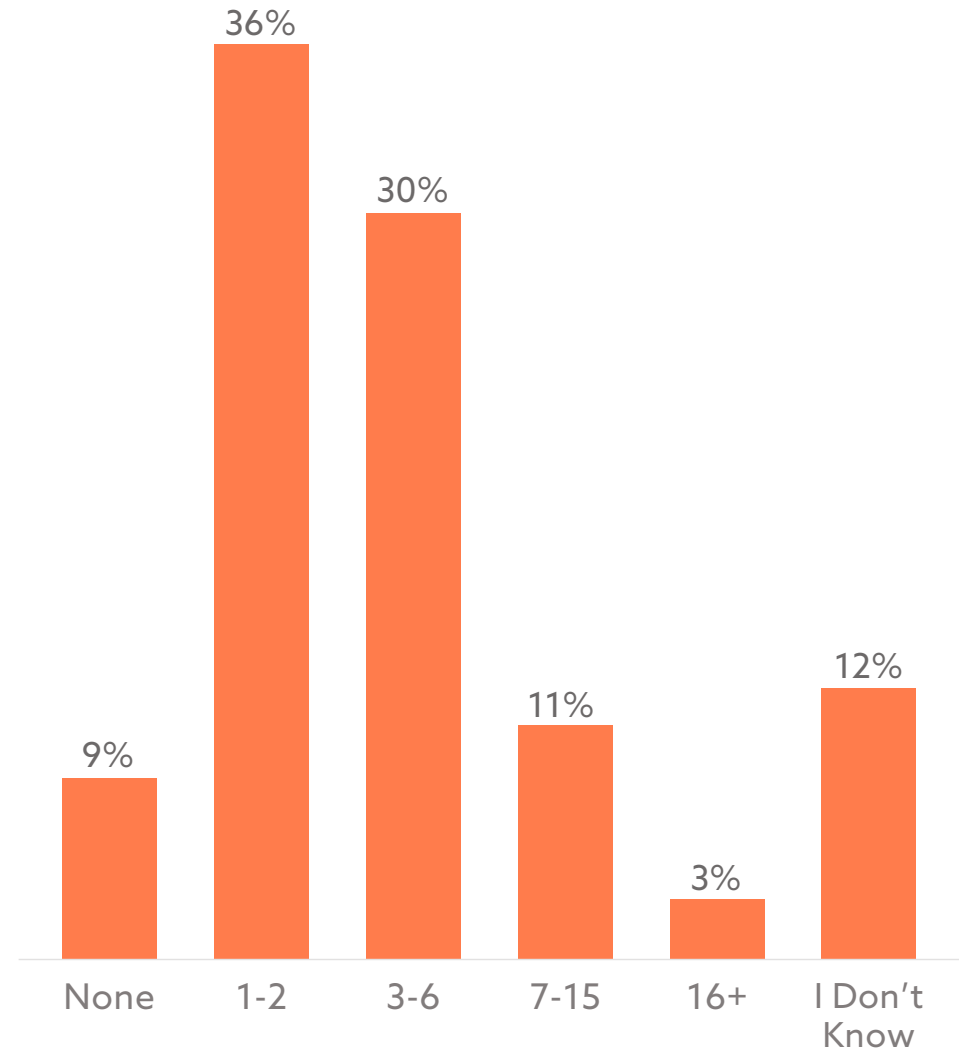
How many different cloud-based systems and data sources does your department use today?

KEY INSIGHT

Cloud-based systems have made their way into almost every company.

When asked about the different cloud systems currently used in their organization, 44% of the survey respondents said they use at least 3. Additionally, 14% of the respondents said, there are at least 7 cloud-based systems deployed in their organizations.

Cloud adoption will further accelerate as more companies realize the benefits of cloud applications and recognize the business value it drives. The value that the cloud offers has been proven with enterprises adopting cloud strategy to reap benefits of time, cost, speed, and scale. This was supported by data from the survey, where nearly 40% of large companies said they use 3 to 6 cloud-based applications. The other prime factor driving the adoption of cloud applications is the scalability that comes along with it. Cloud applications offer the much-needed flexibility to businesses to accommodate the changing landscape while providing improved security and compliance.



How many new cloud applications and data sources does your department plan to deploy in the next 12 months?

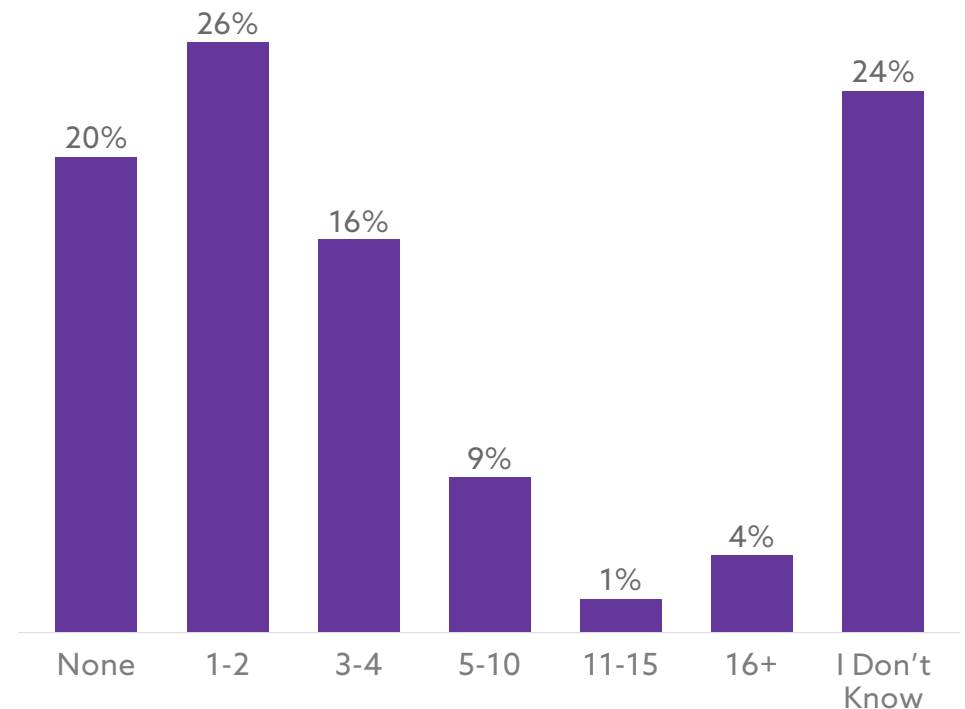
KEY INSIGHT

Organizations continue to invest in cloud-based technologies to stay competitive.

The cloud has a critical role to play in digital transformation, and the primary reasons for cloud adoption were to modernize and streamline IT infrastructure, gain business agility, and reduce costs. The onset of COVID-19 has proved to be a catalyst and has accelerated the cloud adoption by the companies as customers are looking more towards digital services while employees work remotely.

When the respondents were asked to share their estimate of the new cloud applications that they would deploy in the horizon of the next 12 months, almost a third (30%) of the respondents said they plan to deploy at least 3 or more new cloud systems in the next year. 26% of the respondents said they would add 1-2 new systems. 20% of the respondents from large enterprises said that they would include at least 5 cloud-based applications in one year.

As companies continue adding new cloud applications, it becomes imperative to have integrations that connect these applications which can be disparate, and exchange data. These integrations help to capitalize distributed across applications, automate processes and gain oversight leading to better control.



How much of a priority is a cloud-only solution delivery model?

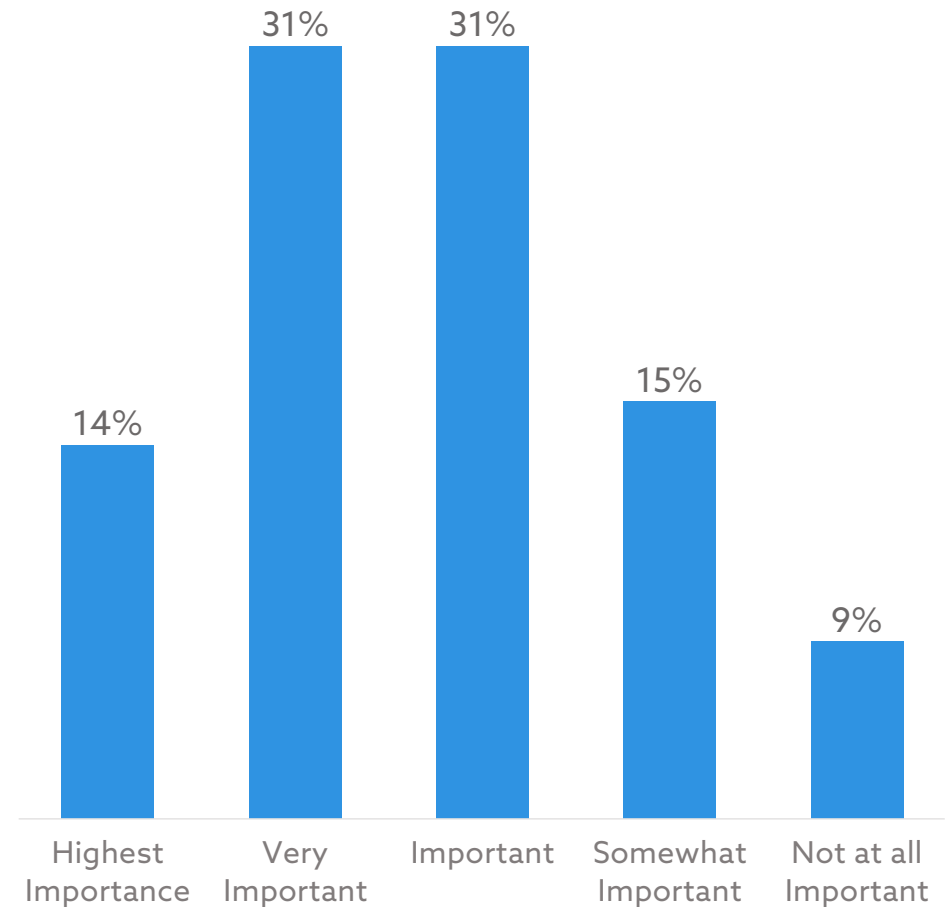
KEY INSIGHT

The lucrative benefits will be driving more companies to adopt cloud-only solution delivery.

According to the data collected and analyzed, a huge majority of 62% of respondents believed that cloud-based solution delivery is of priority. It was an interesting observation that 54% of the respondents from large enterprises placed the cloud-only solution delivery model as a high priority.

In a bid to modernize, more and more companies are moving to the cloud. And with technology advancing, the reasons to maintain a local infrastructure becomes less necessary with time. Using the cloud as a medium to deliver solutions and services, provides the companies with real benefits such as substantial cost savings, increased accessibility, security, disaster recovery, scalability, ensured business continuity, etc. All these benefits eventually result in improved productivity and efficiency for the companies and help them to serve their customers effectively.

As companies adopt cloud delivery models and deploy many applications on the cloud, integrating them to exchange data can be hugely beneficial. Every application in the environment like an ERP or CRM must reflect consistent data, empowering teams with the current information, improving accuracy and collaboration. The customer information distributed across applications can be consolidated with proper integrations and used to deliver prompt and personalized services to enrich the customer experience.



What is the current stage of your department's application integration strategy?

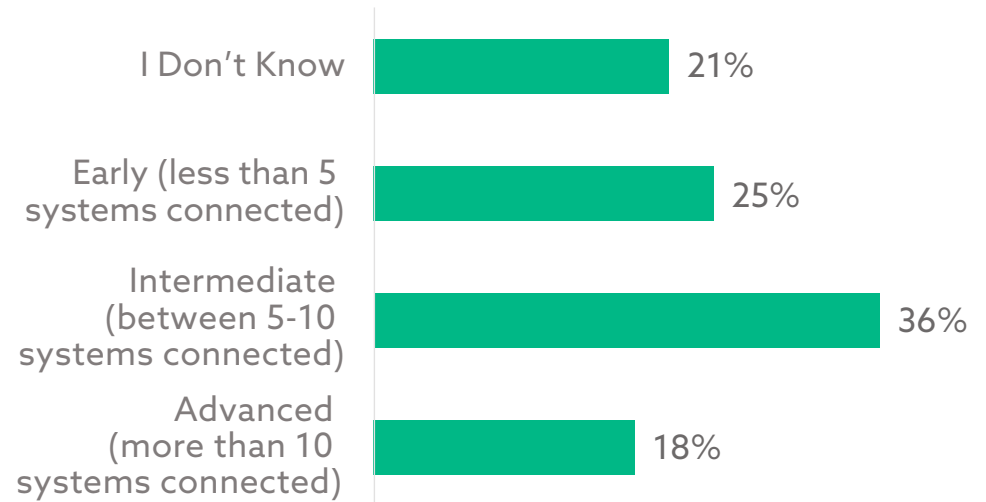
KEY INSIGHT

Integration strategy is a top priority to drive business outcomes.

IT leaders must design a diligent application integration strategy to enable interoperability between disparate systems, improve productivity, agility, and leverage the latest technologies. When asked about the status of the application integration strategy of their department, 36% of respondents said they were at an intermediate stage with at least 5 systems integrated. 25% said that they were in the early stage with less than 5 systems connected, while 18% of the respondents were in the advanced stage with more than 10 systems integrated.

A robust application integration strategy is critical to tackling the changing business landscape, growing applications in the IT environment, and keeping pace with rapidly evolving trends. The application integration strategy brings interoperability between systems and harnesses the data generated. For example, the customer data in CRM can be used by the tools that launch emails or serve online ads to make the marketing campaign effective.

Irrespective of the size of organizations, the lack of a meticulous integration strategy would increase the risk of failure, technical debt associated with a complex IT ecosystem, and the inability to support new integration use cases that arrive with evolving business needs. Application integration strategy improves data exchange across systems, eliminates siloes, and aligns solutions to business goals. The business processes are optimized and streamlined, while the automated workflows can help in being less resource-intensive.



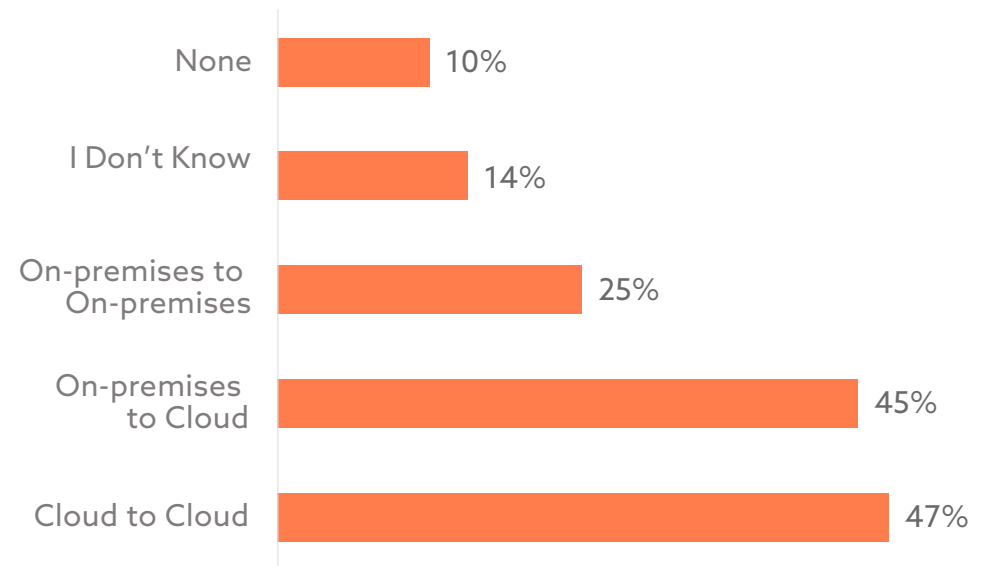
Which type of applications within your IT ecosystem need to be integrated with others?

KEY INSIGHT

Hybrid integrations continue to be important.

As per the data collected, there was a close match between the respondents who shared their priority when asked about the type of applications they prefer to integrate. 47% of the respondents feel the need to connect their cloud applications, while 45% said they would want to connect their on-premises applications with those in the cloud. It was interesting to observe that respondents from both small and large companies had a similar response, 60% of respondents from large companies said cloud to cloud integrations was their priority, while 52% said that they would want on-premises to cloud integrations. 34% from smaller firms wanted integrations between cloud-based applications, while a slightly higher 36% wanted to integrate their on-premises applications with cloud applications.

The world is rapidly moving to the cloud as organizations increase the rate of adoption of cloud-based applications to modernize, yet there still exists a considerable portion that uses on-premises applications. Hybrid integrations help seamlessly connect these legacy on-premises systems with cloud systems. Organizations can harmonize data flow by connecting applications that are on-premises or in the cloud (public, private or hybrid) and build a cohesive IT infrastructure.



How are integrations managed within your organization?

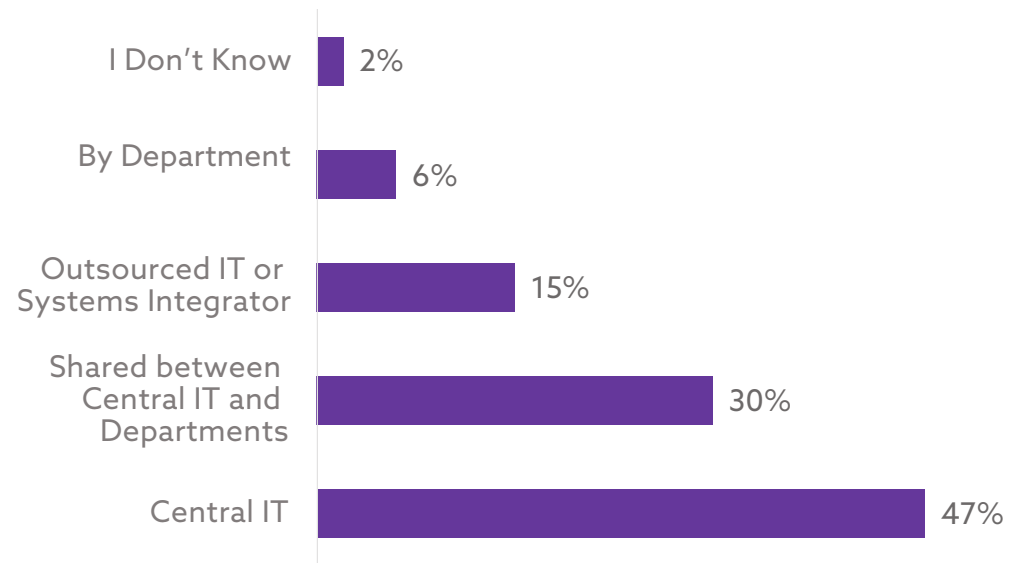
KEY INSIGHT

More organizations move towards a decentralized, shared ownership model.

When asked about the ownership and management of integrations, 47% of the respondents said that it's their central IT. 30% of the respondents said that it is a shared responsibility between central IT and the respective departments while a smaller proportion of 15% said that they lean on a third party.

Conventionally, central IT has been responsible for the delivery and management of integrations - termed the "centralized model". We can see that the rapid technology trends, dynamic business landscapes, and rising complexities create challenges that can potentially slow down the pace and agility of delivering integrations through a centralized model. IT leaders would have to maneuver and adapt to tackle challenges originating from rising complexity, increase in multi-cloud environments, demand from non-tech or business users for control, and others while keeping up with shifting trends.

A decentralized integration strategy can enable the IT leaders to create a collaborative model wherein business users could also contribute more under the guidance of a specialist team to build and deliver integrations faster. This would empower organizations to be agile and flexible, accommodate changing needs, and support new integration use cases.



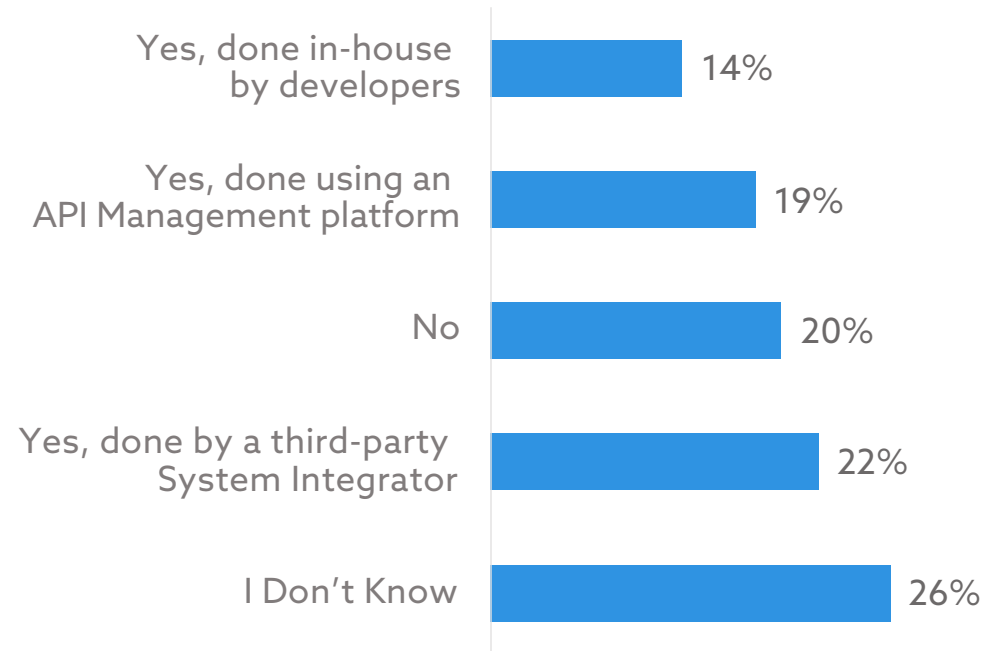
Do you create or intend to create new APIs to expose data from your on-premises or legacy systems to your SaaS systems?

KEY INSIGHT

APIs are critical to connecting data between systems.

From the survey, 55% of respondents felt that it was important to employ APIs to extract data while creating them in their preferred way. 22% said that they rely on a vendor, 19% said they use an APIM platform while 14% have a dedicated in-house team. We often make this observation while interacting with our customers and prospects that they find tremendous value in creating APIs to expose data.

Organizations that depend heavily on legacy on-premises systems may find it difficult to modernize and leverage newer technologies. APIs securely expose data from these legacy systems, allowing companies to tackle modern business needs and quickly adopt emerging technologies. The use of API-led connectivity allows organizations the flexibility to grow and adapt to evolving IT trends and maintain business agility.

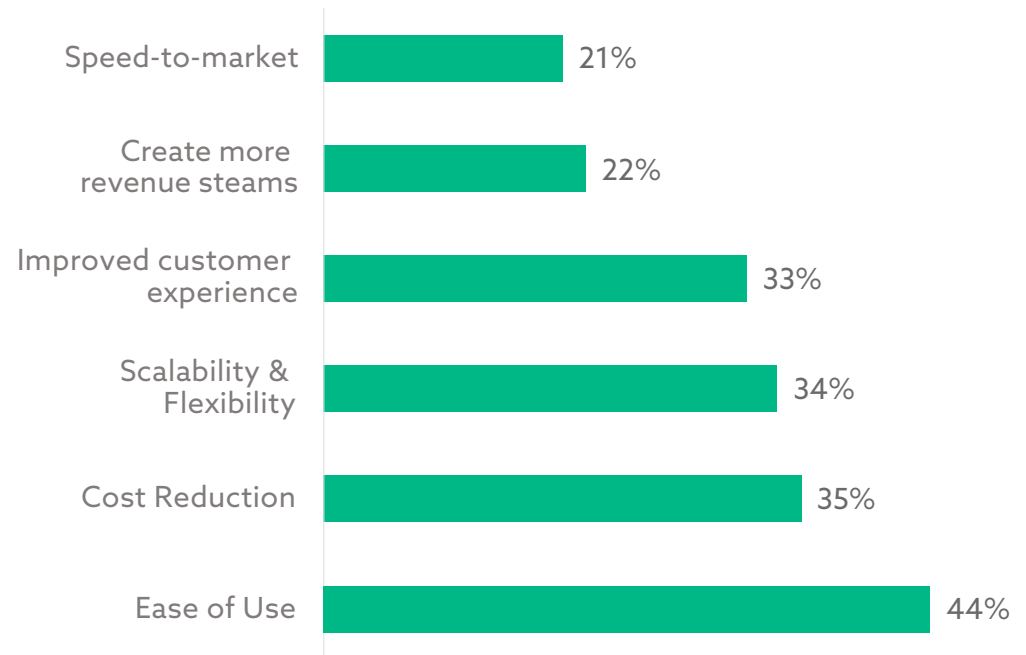


What are your organization's top goals when creating APIs to expose your data across multiple systems?

KEY INSIGHT

Ease of use and cost savings are top goals of organizations when using APIs.

When we asked the survey respondents about their top goals when creating APIs, the top two were ease of use and cost reduction. APIs allow automation, reducing the manual workload, and cutting down development efforts, which helps companies to easily create applications, saving them time and money. 44% of the respondents shared the same views when they said ease of use and cost reduction are their top goals. APIs offer much needed scalability and flexibility to handle increasing data and changing business needs, and 34% of the respondents also cited the same. Another 33% of the respondents pointed out that APIs help to improve customer experience by serving personalized information allowing them to take control with easy interfaces while companies find a way to effectively interact with them.



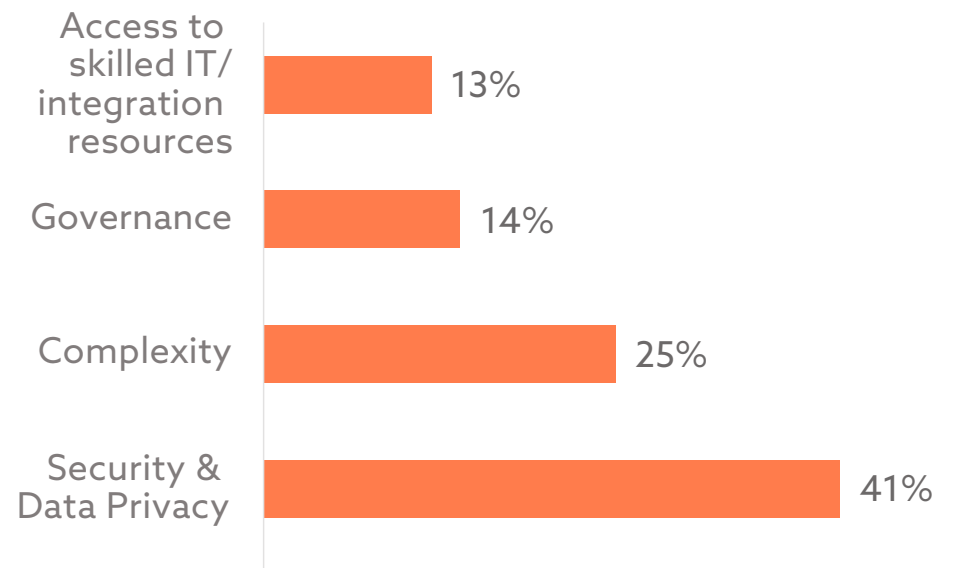
What are your organization's top perceived barriers when considering an API integration platform?

KEY INSIGHT

Costs and Data Security are the top perceived barriers in adopting an API integration platform.

An API integration platform brings a plethora of benefits such as seamless connectivity, reduced costs, easy creation, and management of APIs. However, IT leaders are faced with many barriers before adopting such platforms that pose hurdles.

With IT budgets under pressure, cost remains a major consideration with 58% of our survey respondents specifying this. Beyond cost which is typically a consideration, data security and privacy are a constant worry to the companies as a threat or a breach is a possibility, 41% of the respondents shared this concern. API integration technologies do come with their share of complexity challenges, IT leaders should consider internal system compatibility, security, communication, and processes along with every stakeholder that would be affected which can be a daunting task. 25% of the respondents expressed that technological complexity is one of the hurdles. It is also true that having and maintaining skilled resources is also a challenge as shared by 13% of the participants.

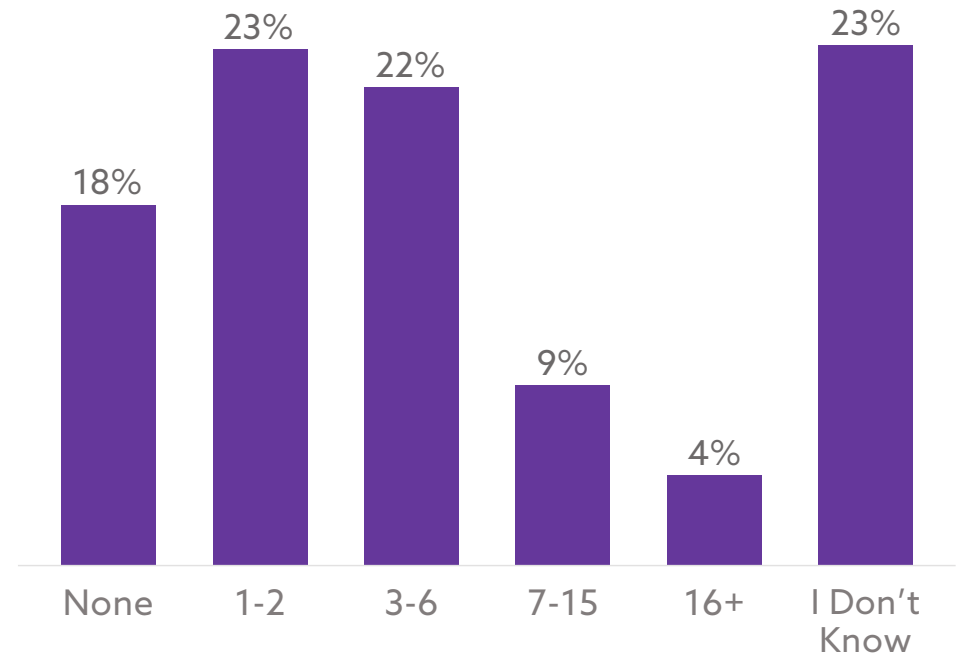


How many partners do you share your APIs with?

KEY INSIGHT

Sharing APIs helps to open up avenues.

It is no surprise that it is of paramount importance for many organizations to be closely connected with members of their partner network. APIs allow businesses to connect with their partners and resellers easily and securely in real-time. 31% of the respondents said they plan to share their APIs with at least 3 partners, with 9% among them saying they would share APIs with 7 or more partners. APIs provide quick access to relevant information needed by the partners paving a way for businesses to quickly expand their reach to their audience, scale multifold and drive revenues.



How important is it to your organization that your business users have the ability to create APIs?

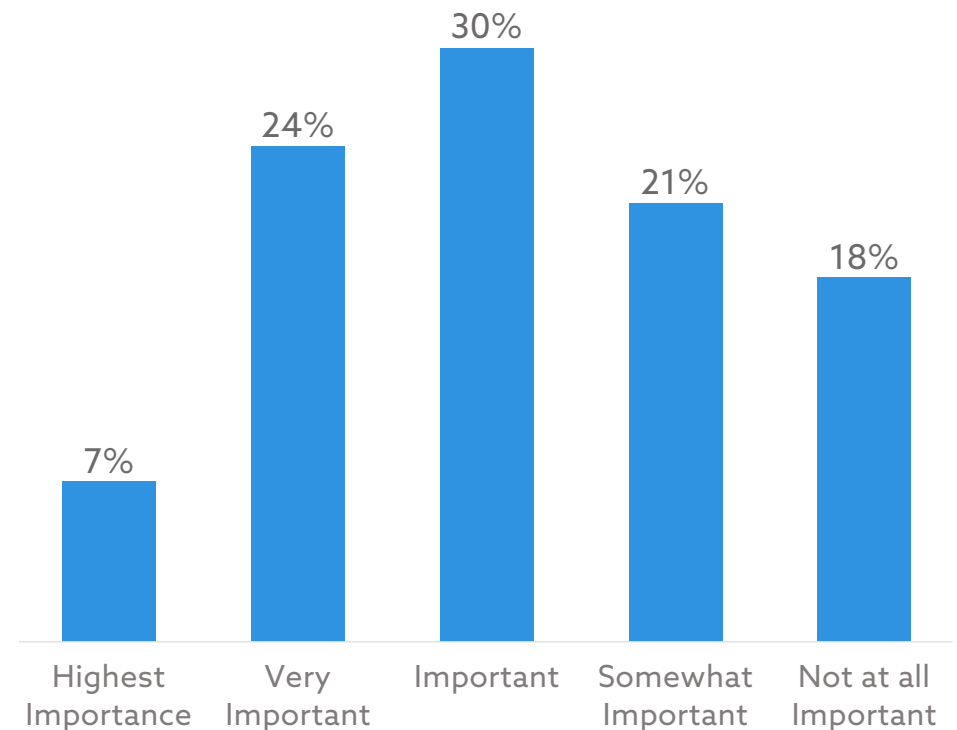
KEY INSIGHT

A tilt towards democratized API creation.

Central IT has always been the custodian of integrations, but the industry is seeing a shift in this traditional approach. This centralized approach may provide greater control but can restrict agility and cause delays in delivering integrations. It can also be difficult to keep pace with changing demands of integration and fulfill the needs of various stakeholders. The modern approach that companies are deploying is either to collaborate with central IT or to empower non-technical business users with a self-service model to design and deploy their APIs.

When asked, 61% felt that it is most important for business users to be able to create APIs, while 21% said it is somewhat important. 18% said it is not important at all.

The decentralized approach to creating APIs can increase productivity, efficiency, scalability and enable a faster time-to-value. There could be potential downsides that the IT leaders should be wary of, such as compliance and governance issues and increased technical debt. The solution can be to have a balanced approach where a self-service model empowers the users to cater to their own integration needs while a core team oversees by providing accurate guidance.



What are your organization's top goals when considering pre-built integrations?

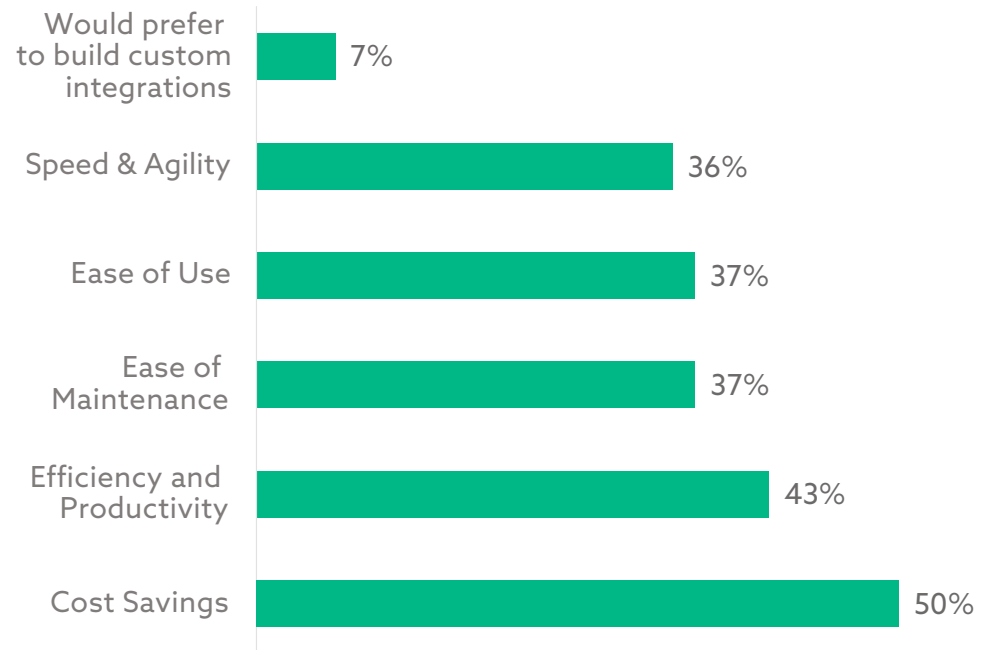
KEY INSIGHT

Saving costs, increasing efficiency and productivity are the main drivers when considering pre-built integrations.

When the survey participants were asked to rank their top drivers when considering pre-built integrations, 50% said cost-saving, while a close second majority of 43% said it is the increased efficiency and productivity. Modern iPaaS platforms often will offer pre-built integrations called connectors, templates, and recipes. A connector is a component that connects and integrates different apps and data sources, while a template is a structure to import and export data. A template acts as a blueprint providing predefined entities and field mappings that allow data to flow from source to destination. Integration recipes are single, pre-built integration projects that move data in one direction between objects across two applications or systems.

The pre-built solutions allow for little to no coding, enabling companies to deploy integrations very quickly and be up and running in no time. An example of a pre-built integration can be an integration template that automates quote-to-cash processes between the CRM (eg. Salesforce) and ERP (eg. Netsuite). Common data and processes are quickly connected between CRM and ERP, the quote-to-cash process can be accelerated by synchronizing essential fields streamlining revenue management and business processes. The pre-built integrations suit both large and small businesses offering cost savings and efficiency and productivity gains.

With pre-built integrations, organizations do not have to invest valuable resources in building integrations from scratch. Organizations of all sizes benefit equally from pre-built integrations such as accelerated integrations, increased agility, and reduced maintenance overhead.



Conclusion

The explosion in the number of applications and data has led to the creation of complicated IT ecosystems. Companies are finding it challenging to manage their IT environments as applications grow and data volumes increase. It can perhaps lead to situations where siloes are created that limit oversight and reduce collaboration between teams. While it is evident that having robust integration strategies is mission-critical, IT leaders should consider shifting trends and changing expectations to strategize and support the growing digital demand. They have to tackle many challenges before they reap the benefits of integration technologies which have made strides of progress in the recent past in terms of efficacy, speed, and ease of use.

As observed in the survey, the centralized model of IT managing and delivering integrations may see some shift into decentralization. The demand from business users for more control and authority in building integrations and collaborating with IT is likely to increase. The survey respondents pointed out the importance of hybrid integrations; it is critical for IT leaders to leverage the hybrid model to make the most out of legacy systems while harnessing newer technologies. APIs are very useful to expose data from legacy systems and offer a way to quickly modernize organizations that still depend on legacy systems.

As companies progress in their journey of digital transformation, APIs and integration become strong propellers. It is business-critical to build a cohesive IT environment with strategic integrations that connect disparate systems and enable seamless data exchange. Companies need to find and invest in tools and solutions that help to maximize their investments in legacy and cloud applications and speed up their digital transformation. These tools can help them evolve faster by offering pre-built integrations, connectors, and templates with reusability and improved security. With a scalable API integration solution, companies can automate and be more productive, enabling themselves to quickly deliver optimal customer, employee, and partner experiences.

