

Q4 2020 Earnings Call

Company Participants

- Abhay Parasnis, Chief Technology Officer & Chief Product Officer, Document Cloud
- Anil Chakravarthy, Executive Vice President & General Manager, Digital Experience Business & Worldwide Field Operations
- Gloria Chen, Chief People Officer & Executive Vice President, Employee Experience
- John Murphy, Executive Vice President & Chief Financial Officer
- Jonathan Vaas, Vice President, Investor Relation
- Scott Belsky, Chief Product Officer & Executive Vice President, Creative Cloud
- Shantanu Narayen, Chairman, President & Chief Executive Officer

Other Participants

- Alex Zukin, Analyst
- Brad Zelnick, Analyst
- Brent Thill, Analyst
- Derrick Wood, Analyst
- Jay Vleeschhouwer, Analyst
- Jennifer Lowe, Analyst
- Keith Bachman, Analyst
- Ken Wong, Analyst
- Kirk Materne, Analyst
- Mark Moerdler, Analyst
- Stan Zlotzky, Analyst
- Sterling Auty, Analyst
- Walter Pritchard, Analyst

Presentation

Jonathan Vaas {BIO 21700508 <GO>}

Good morning, and thank you for joining us. Welcome to Adobe's Q4 Earnings and 2020 Financial Analyst Meeting. I'm Jonathan Vaas, VP of Investor Relations for Adobe. You should have a copy of the press release we filed this morning as well as our Investor Relations datasheet. We've got a great program planned for you today, which is in many ways similar to what we've done in the past, and in a few ways different. This year marks my 10th analyst meeting at Adobe. The first was the year we had just launched Creative Cloud and it's amazing to reflect on how that business has grown since then.

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For my first nine analyst meetings, I was one of the many employees helping behind the scenes, and this year I have the privilege of introducing the executives speakers as the Head of Adobe's Investor Relations program, a role I assumed earlier this year just after we had made the shift to working remotely. I've really enjoyed all of the conversations with investors and analysts about Adobe's business this year. And I look forward to meeting many of you in person at some point.

That leads to the other way today's program as a little bit different than what we've done in the past. This is our first virtual analyst meeting. I for one will really miss the opportunity to meet many of you in chat after the event, but we've also been learning this year about the power of communicating digitally and seeing that we are able to meet to reach a broader audience with a webcast than we might with an in-person event. Due to the format, we streamlined the planned presentation today. But a long-form slide deck has been posted to Adobe's IR site that has all of the detailed information you used to see.

Let's take a look at the agenda. Shantanu will kick things off today by talking a bit about the quarter and fiscal year we just completed, and then moving over to Adobe's vision and strategy for the future; Abhay will then talk about the company's vision from a technology lens; Scott will highlight our Creative Cloud Strategy; Anil will go over our Experience Cloud Strategy; and Gloria will talk about our strategy related to our people as well as other Adobe stakeholders. Finally, John will provide a detailed financial summary and share Adobe's growth strategy. And then we'll go to live Q&A.

Before we get started, as a reminder, some of the information we will be providing today includes forward-looking statements that are subject to risk and uncertainty. Actual results may differ from these statements and we encourage you to review the risk factors in our SEC filings for more information. Additionally, we'll be providing both GAAP and non-GAAP financial information. Reconciliations between the two can be found on Adobe's Investor Relations website.

I will now pass it over to Adobe's President and CEO, Shantanu Narayen.

Shantanu Narayen {BIO 3332391 <GO>}

Thank you, Jonathan. I'd also like to add my welcome. Thank you for joining our annual financial analyst meeting. Today's format is a little different than what we are used to. But to make the most of this year medium, we'll use the time today to cover strategy, business momentum as well as our financial performance. We posted the complete deck, similar to what we've done in prior years, but rather than speak to every slide, we'll have the management team share their highlights in their areas. And we've always saved some time for Q&A at the end of our presentations.

First, and most importantly, I hope you're all staying safe and healthy. It's really tragic to see the recent spate of casualties, but the progress in vaccines gives us all hope that the worst will soon be behind us. And clearly, none of us could have predicted how everything would change overnight and the world as we know it would change so dramatically. Digital is even more become the primary way for people to connect, work, learn and be entertained. This new reality has only increase the importance and relevance

of our solutions and accelerated the tailwinds that benefit our business. This combined with our business fundamentals unparalleled innovation and world-class execution continues to drive our growth.

2020 was another momentous year for Adobe, and like all companies our primary focus has been to protect the health and safety of our employees and continue to serve our customers. We took swift and decisive action to direct our employees to work from home, suspend travel and cancel in-person events. And we focused on helping our customers make their own transition to digital overnight.

For example, we provisioned 30 million students with Creative Cloud, so that they could create from home. We implemented the government rapid response program to assist local governments. With our Honor Heroes campaign, we galvanized our community to create artwork honoring the true heroes, essential workers. We set the bar high for digital events with Adobe Summit as well as Adobe MAX. In fact Adobe MAX garnered 21 million views.

We continue to harness the trillions of transactions powered by the Adobe Experience Cloud to provide a unique real-time perspective on the economy with the Adobe Digital Economy Index. And we pioneered new areas such as the content authenticity initiative, which provides attribution functionality that creators can attach to their work to create more transparency around how content has been posted and edited.

Our leadership extends to not only what we do, but how we do it. And we're proud of the continued industry recognition that we receive. We continue to be a top riser on the Interbrand Global Best Brands of the year for the fifth year in a row. We're consistently named one of the best places to work by both Fortune and Glassdoor. And in a area that's becoming increasingly important to you as investors, we're a leader whether it's in the Dow Jones Sustainability Index or the Bloomberg Equality Index.

But as a product company at our core, it is our innovation engine that I'm most proud of as we continue to fire on all cylinders. With Creative Cloud, we continue to remain the clear leader in a category that's exploding. We delivered significant product innovation that extended our applications to multiple surfaces. We had a greater collaboration capabilities to all of our leading applications. We continue to break ground in new categories, while improving engagement as well as customer satisfaction.

The Document Cloud continues to have huge demand in this digital environment with PDF and Adobe Sign all being mission-critical across many businesses. We delivered more capabilities of verbs as we refer to it across desktop, web, mobile and through our frictionless PDF services. With Experience Cloud, we continue to build out the world's most comprehensive customer experience management portfolio. And the new capabilities in the Adobe Experience Platform have now been expanded to include real-time customer profiles.

We delivered new services, intelligent services to further the use of artificial intelligence and machine learning in organizations. We delivered new solutions like Customer Journey

Analytics which unifies cross channel data. And I'm excited that we recently closed the acquisition of Workfront, which is a leading work management solution for marketers.

On the financial side, after crossing the \$10 billion mark in 2019, we haven't missed a beat. And as you can see from our targets, we expect to exceed the \$15 billion mark in 2021. And we're incredibly pleased to drive both top and bottom line growth while generating cash and continuing to return to shareholders. In fact, in 2020 we achieved \$12.87 billion in revenue, which represents 15% year-over-year growth. In Q4, we surpassed \$10 billion in Digital Media ARR which is a significant milestone for us as a company.

With the strong financial discipline that you've all been accustomed to, we continue to generate impressive cash flows from operations and generated over \$5 billion in fiscal '20. We continue to focus on earnings per share with the earnings per share on a non-GAAP basis of \$10.10, which represents 28% year-over-year growth. I truly believe that these financial accomplishments set us apart from all other software companies and the best is yet to come.

Adobe's mission is to change the world through digital experiences and it has never been more relevant as people seek new ways to communicate, learn and conduct business virtually. The benefits of our innovation helped billions across the globe and the impact has experienced across every aspect of society. It motivates our employees to focus on having more impact and to invent the future.

Would you think about the macro trends that we all experienced, every industry is experiencing a tectonic shift towards all things digital. And I believe that the events of this year have only accelerated that. The genie is not going to go back into the bottle. And even regulated industries that have traditionally been slower to embrace digital have certainly picked up the pace this year. We have industries like healthcare that are transforming, whether it's through personalized medicine, telehealth, and new ways frankly to engage patients.

On the creative side, it continues to be the golden age of design and creativity. And design continues to be a key competitive advantage, because everyone at their heart is a creator. They want to express themselves across new devices with new modalities. And creativity is so essential to how we connect, how we cope and how we learn.

Education has also been reimagined because digital is central to how students learn today, whether it's through remote education as well as by unlocking new forms of creative storytelling. And digital is also breaking long standard -- longstanding barriers to access to education which is something great because it's making it more accessible.

The way we work will never be the same again, and it's great to see how the PC has experienced a tremendous revival as the Computing Workhorse. Documents are at the center of our work gets done, paper to digital transformation is only accelerating and every business process is going digital because every business is now a digital business.

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Digital has become the primary way for all businesses to engage with their customers. And it's true that customer expectations are also at an all time high because e-commerce is exploding. In fact an annual holiday report that's powered by Adobe Analytics, predicts that online holiday spending will reach a \$189 billion, which represents 33% year-over-year growth. And underpinning all of this is a massive shift towards artificial intelligence and machine learning, which will only further these forces at play.

At Adobe, our strategy is that the nexus of this digital revolution. And through technology we believe we are transforming work, learn and play. We're relentlessly focused on looking around the corner, how do we drive towards the next big market opportunity to solve customer pain points and anticipate their needs. We've pioneered and we are leading three massive growing categories: creativity, digital documents and customer experience management.

And we're relentless about expanding the customer segments we serve adding more addressable market opportunity, because we want to empower everyone from the student to the small business owner to the largest enterprise in the world. And I believe we win by creating path breaking technology platforms that will lead the industry for decades, and today work across the entire computing paradigm from the largest clouds to the smallest devices and are built with a service-oriented architecture that also enables us to have new monetization models.

In fact, our three industry leading cloud offerings are more mission-critical than ever before across every geography and audience. With Creative Cloud, we're unleashing creativity for all giving anyone anywhere the tools to express their creativity. With Document Cloud, we're accelerating document productivity, modernizing how people view, share and engage with digital documents. And with Experience Cloud, we're powering digital businesses of all sizes giving them everything that they need to design and deliver great customer experiences.

And underpinning our three clouds is the magic and power of Adobe Sensei, a significant differentiator for Adobe and an enabler to more rapid innovation. As it relates to the creative business, everywhere we look, whether it's entertainment, education or the enterprise, content is fueling the digital economy. And that's driving an explosion of creators, tools and assets that all represent tailwinds for our business. The reality is that creativity is for everyone from the students submitting their next school assignment to the creative professional making an ad, everybody has a story to tell.

And when you look at the categories, whether it's web content or mobile application creation, imaging, video, animation, screen design, augmented reality, AR, 3D, they are all surging in this era of digital storytelling. Creativity is essential because more than ever before this year has shown us the power of creativity in enabling people to express themselves to connect and to cope. We believe that creativity is one of the fundamental skills in the 21st century. And as machines get faster and smarter, skills that are uniquely human like creativity will become increasingly more essential.

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Creativity is also now multiplayer because whatever your skill level, today's creative process is becoming more iterative and collaborative. And all creative professionals must manage these multiple work streams across increasingly remote and disbursed teams requiring seamless cloud-based enabled collaboration and workflows that drive this productivity. Social communities like Behance that we have and Live tutorials are also providing new ways to learn and to be inspired.

For us, Adobe Creative Cloud's vision is to be the one-stop shop from inspiration to monetization. You'll hear from Scott later, but let me expand a little bit on our strategy. First, we want to advance every creative category, and we are a category leader in core creative categories including photography, design, video, illustration and layout. And we're expanding our leadership in new and emerging categories including screen design and immersive media like 3D, VR and AR.

And what the strategy has enabled us to do is to acquire new creators through Single App offerings and then demonstrate the benefits of the entire Creative Cloud offering over time. We're focused on building multi-surface systems, building solutions for every surface and system because we want to enable anybody to create wherever and whenever inspiration strikes. We truly believe that these devices are not just consumption devices anymore, but every device should also be a creation device.

We're focused on adding collaboration services because we can ensure that content can be seamlessly managed in the cloud and access from any device. And what this enables us to do on the business side is to increase engagement, but also to acquire new stakeholders and expand our customer base with these new monetization opportunities.

We want to engage and inspire the community. And our vibrant communities, which are a critical driver of both acquisition and engagement are succeeding. In fact we've grown to over 25 million members on Behance which represents a huge opportunity for further upsell into the broader Creative Cloud ecosystem. And programs like Adobe Live enables us to provide forums for creators and to promote active use and learning. We've always maintained that retention is the new growth and that is more relevant than ever before as we've crossed \$10 billion in Digital Media annualized recurring revenue from our current subscribers.

At the end of the day, we're focused on democratizing creativity, enabling anyone from a student to a social media influencer, from a professional photographer, filmmaker and designer to express their creativity. We've delivered new applications like Photoshop and Illustrator on tablets, consumer apps like Photoshop Camera, an easy to use storytelling apps like Premiere Rush and Spark which are all attracting new users and expanding our base.

But in addition to this tremendous product innovation, we have a data-driven operating model which is enabling our ability to capture this expansive opportunity because we have a tremendously sophisticated understanding of our customer and we're able to serve up personalized experiences and offers at every part of this digital funnel and

journey. What this enables us to do is unlock engagement as well as provides us with new upsell opportunities.

And when you put this all together, mapping the products and services that we are targeting across these expansive segments and adjusting for factors like non-genuine usage, the Creative Cloud total addressable market is projected to be approximately \$41 billion in 2023. \$20 billion of that addressable market is coming from Creative Pros, which includes Creative Cloud apps and new services like Adobe Stock. \$21 billion of the addressable market opportunity is coming from the broader communicator and consumer segments, which includes products like Spark & Premiere Rush, as well as the non-pro users of Creative Cloud as well as Stock. And our aspiration to unleash creativity will continue to be this North Star that we will execute against for many years to come.

Among the key growth drivers that I'd like to highlight for this business, include the ability to acquire new customers through category single applications for screen design, video and 3D using mobile increasingly as a funnel through the creation of mobile IDs, through mobile monetization services as well as upsell to the multi-surface systems and new services such as Adobe Stock as well as continued global acquisition and expansion.

Turning to our second growth opportunity, it's clear and obvious the digital documents are now mission critical in powering the modern business. We have seen this massive acceleration as businesses all shifted to remote work overnight. The truth is that artificial intelligence and machine learning, the cloud and mobile are all redefining the notion of productivity. It's reshaping how we work, it's enabling greater flexibility and it's requiring more collaboration across global dispersed teams. And artificial intelligence is only amplifying this productivity.

We're seeing a massive adoption of paper to digital processes and workflows, and the paper-based staffs of the past are all now being moved digital. And the other aspect that's happening, the cloud ecosystems are driving a new business opportunity, what we call, the API economy which is revolutionizing how apps and services are both being built as well as being monetized.

What drives this is the fact that PDF continues to be the lingua franca for how things happen on the Internet. We have over 2 billion mobile and desktop devices that had Reader or Acrobat installed. In fact, we have 300 billion PDFs that are opened in Document Cloud applications over the last 12 months. And so strategically as we think about the opportunity, the first is to expand what we call our Sensei-powered Acrobat Verbs, and it's to enable all document actions, editing, sharing, scanning and signing. It's to unlock the value that exists in trillions of PDFs that have been created by deciphering these unstructured PDFs and making them truly responsive on mobile devices. In fact, one of the innovations we're particularly proud of is called Liquid Mode in the Acrobat Reader which both deciphers and automatically reformats text, images and tables for quick navigation and consumption and is powered by Adobe Sensei.

We think mobile fuels this new business opportunity because PDF usage has absolutely exploded across mobile devices, making this Acrobat experience more frictionless across

mobile and web, it's fully leveraging the ubiquitous PDF format that we have and we're expanding both the free and paid mobile customer base.

We're also increasingly capturing the PDF demand with Acrobat web because what we are doing is converting the massive demand for PDF web such as create and edit through search, through our frictionless services. With every business going digital, the third aspect of the strategy is to enable the paper to digital transformation through services that we have like Acrobat and Adobe Sign, but also to leverage what we deliver through the Adobe Experience Platform and the Adobe Experience Manager as well as Adobe Experience Manager forms.

And we want to unleash an entirely new PDF ecosystem with Document Services, which provides APIs to third-party developers and they will then find new and exciting ways to use PDF and we will be able to monetize those services. So let me expand on just a few of these opportunities.

There are about 50 million searches for PDF actions every month. And what we want to enable is through a single click, best-in-class web experience deliver quick access to actions that the customer wants and allow them to deliver and discover a more comprehensive set of Acrobat offerings. This is similar to what we've done with the successful Reader upsell motion which is to drive engagement around PDF to enable people to complete their tasks and then upsell people from the free product to Acrobat subscriptions.

The other aspect of our Document Cloud strategy is to deliver a unified Document Cloud platform. This includes Acrobat, AEM Forms and Adobe Sign which are central to the way work is getting done today. And we have a tremendous go-to-market advantage because it's the sophistication of our data driven operating model that gives us a really incredible understanding of our customers, how to reach them, how to serve them effectively and we have the ability to truly optimize everything on the funnel from acquisition, all the way through retention.

We're continuing to expand the sign scale and region to fast growing new verticals with significant go-to-market partnerships, including with Microsoft, Workday, ServiceNow and Notarize. We will continue to invest in the brand equity associated with PDF as the lingua franca of the Internet.

We're incredibly excited about the second growth pillar, the Document Cloud Strategy and the broader addressable market that it represents. And we expect the addressable market to grow to \$21 billion in 2023. We're benefiting from the move to subscriptions, we're benefiting from visitor acquisition, we're benefiting from mobile. And the PDF mobile opportunity itself represents approximately \$11 billion of this addressable market. And on the Document Services platform, we're driving growth with electronic signatures and new embedded services, which we believe represents \$10 billion in addressable opportunity.

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Our third growth initiative is all about customer experience management. We continue to believe that it represents a massive opportunity with the acceleration that we all see and digital transformation. Because the reality is that today every business is a digital business and the imperative for digital customer engagement has never been greater because every business has to understand their customers and deliver personalized experiences, because all of us as consumers we buy experiences, not just products.

The reality today is that customers are expecting this engaged personalized digital experience and we won these interactions to feel easy and efficient. They need to be well design, they need to be context aware and they need to be seamless across channels and secure and delivered at the exact micro second at which we expected.

And delivering a next generation platform to deliver and drive this experience is easier said than done, because it requires businesses to completely merge content, data and artificial intelligence to deliver this compelling relevant personalized experience in real time. And the truth is that companies must design for this brilliance, but wire for intelligence.

Adobe created the Digital Marketing category, and we're now the leader in a much broader opportunity, the customer experience management category. Our strategy is to deliver a comprehensive set of applications and services, grouped in solution areas such as content and commerce, customer journey management, customer data and insights, and now with the closing of our Workfront acquisition work management and Anil Chakravarthy will spend a little bit more time talking about our strategy.

The second aspect is to deliver this next generation technology platform. Adobe Experience Platform, which provides the underlying infrastructure to make CXM a reality and is years ahead of anything that any competitor has provided, because it truly brings together hundreds of data points to create this unified customer profile that companies can activate to deliver the personalized experience at scale.

Our vision is also to deliver an industry-leading marketing system of record. With the Workfront acquisition now being closed, we have the leading wealth management product for marketers. And while unlike most companies, most of our growth is organic, we do use inorganic opportunities strategically and we have an incredibly successful track record of acquiring, growing and scaling these companies.

We have a longstanding set of partners in an ecosystem with Workfront with over a 1,000 joint customers, and Workfront is already equipped with APIs for not just Experience Cloud but also Creative Cloud, which represents opportunities to further leverage and deliver synergies across our businesses.

One of the key assets that we have is the ability to deliver a scale go-to-market, cutting across the entire C-suite, given the affinity that both customer, CIOs and CMOs have for Adobe, because all businesses are now working to rearchitect their systems around the customer, which requires this strong partnership between the Chief Marketing Officer and the Chief Information Officer. And this enables us to scale our go-to-market across the

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entire C-Suite, which is just driving higher value contracts as well as services. We continue to have an explosive partner ecosystem that believes in our vision and is delivering unique expertise to our joint customers.

Our total addressable market when we think about it for the Adobe Experience Cloud is estimated to be approximately \$85 billion in 2023. And that's comprised of customer data and insights, which continues to be a huge opportunity because intelligence is increasingly the lifeblood of every organization. So this represents an approximately \$26 billion addressable opportunity. The explosion of content and commerce where we're the absolute leader is driving a \$44 billion opportunity. And customer journey management, which includes products like campaign and email marketing, as well as B2B marketing and demand generation, which includes account-based marketing and lead management is expected to be a \$15 billion opportunity. As we've said before, these are large and growing categories which are top of mind for every business.

To summarize, we believe that we have the right strategy that's being applied to an exceptional opportunity that is approximately \$147 billion in 2023. We have a proven capability to both create and continuously lead these categories. We're thinking bigger about our businesses and the customers that we served from consumers and students to communicators and the creative professionals and the entire C-suite. We have leading products, services and platforms to unleash creativity, accelerate document productivity and to power digital businesses.

Our secret sauce is the over 20,000 talented employees that we have that are all rallied around our mission and the impact that they can have. We have a revered brand all across the globe. We have world-class financial discipline that's driving both top and bottom line growth with an impressive margin. This is truly an expansive opportunity and we are well positioned to capture it. I certainly believe that Adobe's best days are ahead of us. We expect to cross \$15 billion in revenue next year. We have a huge addressable market, industry-leading applications, services and platform and an unparalleled innovation engine.

Let me just quickly touch on some growth drivers that we believe will continue to propel this momentum. On the Creative Cloud in addition to our leading applications across every category, mobile as a funnel as well as a product monetization opportunity is huge. Services such as Stock are becoming meaningful parts of the ARR growth, new categories like video, web services, as well as 3D&I. On the Document Cloud side, the continued adoption of web-based PDF services, mobile-based PDF services and Acrobat subscriptions, the ability to deliver Adobe Sign to target both the small and medium business, as well as the larger enterprise through both seat expansion as well as through document workflows.

And on the Experience Cloud continuing to deliver this next generation technology platform delivering Sensei intelligent services, the ability to leverage our partner ecosystem and to cross and upsell in both mid-market and commercial as well as to drive new logo growth, and to continue to make sure that we deliver value, drive customer success and maintain retention.

And now what I'd like to do is to have Abhay Parasnis both our CTO as well as somebody who has recently taken on responsibility as Chief Product Officer for Document Cloud to talk about our technology vision. Abhay?

Abhay Parasnis {BIO 18028686 <GO>}

Thanks, Shantanu. Good morning, everyone. It's great to talk to all of you again. Shantanu talked about the broader opportunity and strategic imperative for Adobe. I would like to take next few minutes to talk about our technology vision and share my excitement for the road ahead.

Being a product company at our core, we have always taken a long-term view of building deep technology platforms that are highly defensible and drive industry breakthroughs. With everything going on this year, I'm especially proud of the sheer breadth and depth of innovations our teams have delivered. Illustrator on iPad and Neural Filters in Photoshop, Liquid Mode and Acrobat Web in Document Cloud and AEM Cloud and real-time CDP in Experience Cloud are just few examples of innovations we have delivered.

And this incredible pace of innovation is only exceeded by the massive scale at which we operate today. With trillions of activations serve from Experience Cloud to 100s of millions of mobile app downloads and more than 2 billion devices running Reader and Acrobat software today, we truly have unmatched scale from cloud to the edge.

Now a key aspect of our technology strategy is to develop a consistent architectural viewpoint across all of our products. We think of this unified architecture at three levels. Multi-surface experiences for our apps, a rich portfolio of services in APIs and our Sensei AI stack built on shared content and data platforms. Everything we do across our three clouds is guided by this unified technology vision and gives us a significant strategic advantage. Increasingly, we are thinking beyond discrete app silos to delivering new modalities and fluid multi-surface experiences across desktop, mobile and web.

For example, in Creative Cloud, we are adding modern web and collaboration technologies to core imaging and video workflows in applications like Photoshop and Premiere evolving them into complete creative systems. Similarly in Document Cloud, we are taking the best in class PDF run times on PCs and bringing them to both web and mobile platforms for a consistent multi-surface PDF experience. And in Experience Cloud, we are uniquely focused on a new kind of customer experience, one that's a real-time and hyper-personalized across every single touch point.

At the services tier, we are not only building a increasingly rich portfolio of services, but we are focused on three cross-cutting themes. First, we are a emitting collaboration deeply at the core of all of our applications, converting our best-in-class single user apps like Photoshop our Acrobat to multi-user collaborative solutions. And because we uniquely understand our file types and workflows, we can enable a much richer contextual collaboration for users as opposed to a generic file sharing or communication platform.

Second, using the shared content and data platforms, we are enabling unique cross cloud use cases, going from creators to knowledge workers to marketers. This is something that

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only Adobe can deliver.

Lastly, we are increasingly focused on the API economy opportunity by exposing our services via open APIs to developers and ISVs in the ecosystem. You will see us aggressively focused on this new vector.

Last but not the least, I've talked to all of you about Adobe Sensei, our generational bet on AI. Sensei is already having a profound impact with our teams delivering hundreds of Sensei-powered features across our three clouds. We started Sensei with AI features delivered within existing apps, but by leveraging our unique understanding of our users workflows and usage patterns, we have built a special licensing platform, one that's focused on creativity, documents and customer experience domains.

With this platform in place, we are now positioned to push the limit with a completely new kinds of AI-First apps. Liquid mode in Document Cloud is one great example of this. This was a multi-year journey and required us to solve some unique and hard problems. Using the latest techniques in AI, machine learning and computer vision, we train Sensei to deeply understand the trillions of PDFs that exist in the world. And then using that intelligence, we are able to generate structure out of unstructured PDFs that are across the world.

Initially we are using this to create a delightful experience on mobile devices. But the possibilities ahead are truly exciting. With document intelligence breakthroughs in areas like semantic understanding or document summarization. And like liquid mode in Doc Cloud, we are also working on unique Sensei services for Creative intelligence and Experience intelligence.

Sensei is a key R&D priority with long-term strategic advantage, one that's letting has been truly differentiated capabilities and delight customers with Sensei-powered Adobe magic. As our customers rely on Adobe for ever more mission-critical needs, we are laser focused on engineering excellence and getting the basics right every single day. We are one of the first SaaS companies that has built a multi-cloud foundation, enabling us to deliver across various public, private and hybrid cloud environments. And doing so with high levels of operational excellence as well as cost efficacy.

Also with Adobe's common controls framework, we are able to meet enterprise expectations for security, compliance and privacy requirements as well as global regulatory landscape. Lastly, we continue to play a thought leadership role in the industry with various standards and other efforts like our content authenticity initiative and open data initiative.

In closing, the opportunity ahead for Adobe is truly exciting from future of creativity to reimagining documents to opportunity to completely rewire the customer experience. We have a world-class engineering team with a deep culture of innovation and investments in foundational technology platforms that enable us to deliver with speed and scale. I have never been more confident about Adobe's technology agenda and I'm super excited about our ability to go invent the future.

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Now, let me hand over to Scott Belsky, Chief Product Officer for Creative Cloud to talk about Creative Cloud Strategy. Over to you, Scott.

Scott Belsky {BIO 2409231 <GO>}

Thanks, Abhay. So while I've outlined more details of our Creative Cloud Strategy in the deck, I'm excited to share a quick summary right now. Big picture, we are seeing tremendous growth momentum in Creative Cloud because creativity has never been more important and it is now. We saw this at our most recent MAX Conference, which has become a premier global creativity conference. MAX blew away all previous records with over 21 million views worldwide.

Why is creativity so critical right now? Well for starters, everyone wants to stand out at work, at school, on social and even in their family projects, and creative expression is how they do it. Within the enterprise, companies more and more recognize that creativity is this competitive advantage, and employees want to stand out, whether it is with their presentations, how they visualize data or become more active stakeholders in their own product and marketing experiences.

In the workplace of the future, creativity is how people will thrive, and frankly keep their jobs as AI takes over more and more of these productivity focused roles. All of these shifts up level the role of creativity and create a tremendous opportunity for Creative Cloud, and a responsibility for us to evolve our offerings to meet the needs of new creators.

So let's take a look at the five pillars of our strategy for Creative Cloud. First, we are innovating to advanced every creative category. Our professional customers want to push the boundaries of their fields and achieve more in less time. One way we're enabling this is through Adobe Sensei which Abhay talked about, our artificial intelligence engine.

In Photoshop, for instance, we recently launched Neural Filters, a new platform powered by Sensei that allows customers to make sweeping changes with just a scroll of a slider. These Neural Filters are truly magical. You can turn night into day and literally turn a frown into a smile. And Neural Filters are just one example of our Sensei powered breakthroughs. At MAX, we launched dozens of new Sensei features across our creative categories and we're helping customers explore new mediums like 3D & Immersive with tools such as substance, dimension and aero.

The pandemic has forced many teams to turn a 3D tools as they can render an image or video rather than have an in-person shoot. One great example is Ben & Jerry's who levered our 3D & Immersive products to execute a critical campaign about getting ice cream delivered during the pandemic. They found what many companies are finding, that 3D rendered images are indistinguishable from traditional photos, and they are far more efficient and actually less expensive to produce. So we expect the surging interest in that field to continue, especially as new mediums like augmented reality go mainstream.

These innovations add value for creative professionals and help ensure that Creative Cloud remains the logical choice for modern teams struggling with content velocity, our way of talking about the insatiable need for more formats and more platforms and just

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more content, more personalized every day and we're committed to extending their creativity in new directions.

The next pillar of our strategy for Creative Cloud is a continued transformation of our category-leading products to become cloud-based multi-surface systems. Creativity is no longer confined with the desktop and we made a lot of progress in extending our flagship products across more surfaces. Over the last year, we brought Photoshop and Illustrator in the iPad, and we launched Adobe Fresco, the industry's most powerful drawing and painting app on Windows and Apple tablets last year and brought it to the phone this year.

Customers tell us that the portability of iPad apps unlocks huge advantages. Designers for Sanrio's Japanese theme parks, for instance, use Illustrator on the iPad to sketch our new features, while they are actually inside the park. It really lets them see how the design will actually fit in in-person in place.

So here's what we've learned from this evolution from product to service from multisystem, multisystem platform expansion. We know that customers who use our products across multiple devices have higher satisfaction and better retention, and we know that offering a more modern interface on mobile devices is inviting for new customers and is an effective way to bring new customers into Creative Cloud from the mobile app stores. So we're continuing to extend our applications on to new surfaces, including the web which will engage an even broader set of customers and unlock another level of possibility for Creative Cloud.

Another major part of our strategy is the development and seamless integration of powerful services that enable collaboration. No doubt we've entered a new era of creativity that is deeply, deeply collaborative. The next generation of our customers grew up in the age of Google docs. They expect everything to be collaborative by default, and we've enabled this through our investments in Creative Cloud services over the last few years. We launched Creative Cloud Libraries, which helps team share creative ingredients from fonts and colors to vectors and images. We rolled out cloud documents, which allows customers to easily share their work with collaborators and stakeholders. And with services like Stock and Fonts, integrated at the point of need within our products, we're ensuring the teams have all the consent they need to start a project without ever leaving Creative Cloud.

Finally, we're making it much easier for stakeholders to review and share comments directly in our desktop products. All of these collaborative features makes Creative Cloud the single source of truth for creative assets, ensuring greater lifetime value. These services also unlock new business opportunities and extend our footprint by engaging stakeholders beyond the traditional creative team, whether it be for review purposes, copyrighting or leveraging templates for social media marketing.

Another area of focus is engagement and community inspiration. We're bringing many kinds of new customers into Creative Cloud these days. But to keep them, we have to ensure that they are engaged, that they are learning new skills and that they're

continuously inspired to try new tools and techniques. We're improving engagement by reimagining the new user journey, providing a more personalized experience for every customer as infused with community and educational content, and we've become very, very data-driven as we optimize these flows.

We're providing many more ways for people to learn new skills. Traffic to Adobe Live, our rich offering of live streams by Behance members using our products and tutorials has doubled this year. And we have doubled our content in response. And the engagement with these live streams is truly remarkable. Over the last year, the average watch time is more than an hour and 20 minutes. We've also enabled live streaming in our iPad apps. So that any customer can easily go live from within the product and share the URL on social networks, others can click the link and learn by looking over the shoulder of an experienced creator and download the app to give it a try as well.

And we personalized the learning experiences within our products. As the more we personalize, the better we need each customer exactly where they are. And because of the greatest -- because the greatest inspiration of course comes from seeing what others are creating, we're doing more to convene the global community of creatives. We've built a new community set of features in products like Lightroom. And Behance, our global creative community near and dear to my heart has grown to 25 million members with over 1 million people visiting the site every single day. All of these efforts not only grow the top of the funnel, but also make it more likely that these new customers will be successful, inspired and engaged.

Finally, let's talk about democratizing creativity what Shantanu mentioned in the beginning. We want to empower the world to create with a new generation of web and mobile products that are freemium and easy to use and that leverage Adobe's core technology. When anyone searches the web to edit a photo or make a flyer, we will present easy to use web apps that help them complete their project and encourage them to go further to take it to the next level.

On mobile, Photoshop Express, Premiere Rush and Adobe Spark, empower everyday consumers to create content that stands out on social media. In the year ahead, we're bringing these products closer together to enable customers to work across them and to extend their work to the web. And we're doing this in a way only Adobe can. We're bringing powerful time saving features, many powered by Sensei to these mobile and web apps.

We are also prioritizing interoperability with the rest of Creative Cloud, so that more casual creators can work together with creative professionals, and so that they can take their work to the next level in an app like Photoshop or Illustrator when they're ready to do so. I'm excited to share more on these product investments in the year ahead.

So to sum it up, our view of our market is expanding to \$41 billion in TAM in 2023 because the importance of creativity is growing fast and the number of creators worldwide is exploding. Our work over the next few years will ensure that Creative Cloud stays at the cutting edge of creativity in new mediums that it supports the growth of collaborative

creativity and that it welcomes new generations of creators with a new generation of tools and with the learning, inspiration and community that will keep people engaged and successful.

Thank you, and now I will turn it over to my colleague, Anil, who oversees the Digital Experience business to talk about Experience Cloud. Anil?

Anil Chakravarthy {BIO 16628903 <GO>}

(Technical Difficulty) also responsible for our worldwide field organization. I want to give you some context and color on the Experience Cloud strategy that Shantanu outlined. You should have the full presentation that we have provided.

In the first half of 2020, when COVID hit, we saw our businesses focus on their employee's safety and well-being, and ensuring business continuity. We pivoted and worked with our customers to navigate that new normal. In the second half, we saw businesses doubling down on customer experience management in response to heightened customer expectations. Customers are digital-first now, and from every business they expect engaging and personalized experiences, and this has put more pressure than ever on businesses to accelerate their digital engagement. It's also accentuated how hard it is for businesses to deliver a great experience to their customers across all touch points.

In the current environment that has been no small feat. Businesses need to account for external factors like privacy regulations and data sovereignty and master internal challenges like fragmented customer data and manual inefficient processes. So it's become clear that companies need a next generation technology platform for customer experience management, and this has created a massive \$85 billion market opportunity for CXM, and Adobe is uniquely positioned to address this.

Our mission is more relevant than ever and our strategy of powering digital businesses is resonating with brands across industries and around the world. Now we saw that in spates in 2020. 93% of our top 100 customers have three or more Experience Cloud solutions and our average ARR with them has grown to \$8 million, nearly three times what it was in 2015.

Let me highlight one of those customers, top customers, Verizon. Over the last five years, Verizon has standardized in Adobe for CXM across the consumer, business and media groups. The Adobe Experience Platform provides real time responses in 250 milliseconds of cloud scale across billions of profiles. Verizon is leveraging AEP to deliver personalized communications, optimize customer journeys, increase conversions and create customer loyalty. As a result, our ARR from Verizon has grown 700% over the last five years. This is a great example of the growth trends we see across our customer base.

Turning to our strategy for Experience Cloud, it's based on Adobe's own successful transformation journey. We've taken the principles and insights from our data driven operating model and created a customizable playbook that any customer can use to power their digital business with next generation customer experience management.

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We have five pillars in our strategy as Shantanu outlined. First, it's a comprehensive set of applications and services for customer data and insights, content and commerce and customer journey management. Now these apps and services are delivered on an integrated Adobe Experience Platform. AEP is a next-gen platform to deliver real time personalization at scale with nearly 17 trillion segment evaluations per day, leveraging first-party data, cloud scale powered by Adobe Sensei and extended by an open ecosystem of partners and developers.

Now we do the hard work of delivering the best of both worlds to our customers. Comprehensive apps and services integrated onto a common cloud scale platform. I've been in the world of data for a long time now, and it's clear to me that AEP is years ahead of our competitors in capabilities and production deployments.

Third, we are excited about our recent acquisition of Workfront, and we have heard great feedback from customers and partners. We're laying a strong foundation for a marketing system of record that will enable our customers to have greater efficiency and agility in executing their campaigns and to optimize their campaigns with real-time insights.

Fourth part of our strategy, we've been a trusted partner to CMOs, since we created the Digital Marketing category. And now we are a trusted partners to CIOs as well. I mean mid-2020, we combined our Worldwide Field Operations and Digital Experience into a single organization that I lead. And that has enabled us to scale our go-to market to address the needs of enterprises from mid-market customers to the largest brands in the world. Finally, we work really closely with our global ecosystem of over 2,800 SIs and technology partners to drive business value and sustained growth.

So in closing, I'm incredibly excited about the opportunities ahead of us. Experience Cloud is a growth business. And we will combine our go-to-market and product organization to be well-positioned to fire on all cylinders. When you look at our products, our platform, our innovation powered by Adobe Sensei, our customer relationships, our brand and the investments we are making. Adobe is the clear leader in customer experience management. And we are in the best position to help businesses deliver personalized, engaging digital experiences to all of their customers.

Thank you. And now let me bring up our Chief People Officer, Gloria Chen.

Gloria Chen {BIO 20609398 <GO>}

Thanks, Anil. And hello, everyone. A year ago, as Chief Strategy Officer, I spoke to you about Adobe's growth story, our total addressable market and the tremendous opportunities across our business. As you've heard today, our strategy is more expensive than ever, and I'm confident in our ability to succeed because of our proven track record of transformation, something I've seen firsthand multiple times in my 20-plus years of the company.

And I believe our Secret Sauce has been the combination of a winning strategy, great people and an exceptional purpose-driven culture. My pivot from Corporate Strategy to employee strategy earlier this year was a natural move. People are our greatest asset. And

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as Chief People Officer, I'm excited to be carrying the torch for our values, our history of progressive people centered benefits in programs, and our commitment to the growth and development of over 22,000 employees around the world. Now including Workfront, who joined us earlier this week.

Increasingly, companies are viewed by employees, customers and stakeholders, as an extension of their identity, values and community. In 2020, our core values were on full display, being genuine, exceptional, innovative and involved. As we responded to COVID, we put the health and safety of our people first. We increased communications, rolled out work from home benefits and encouraged scheduling flexibility. We took care of our communities providing customers with flexibility and students with free Creative Cloud licenses and our employees really stepped up this year with 70% engaging in volunteerism online.

Our employees have responded with gratitude and pride in our approach and are more engaged and productive than ever. As a people-centered company, we've always focused on fostering, an inclusive culture, what we call, Adobe For All, because we believe that when employees can be their authentic selves, they do their best work. And when we have diverse teams, we're more innovative and reflective of the customers we serve. For employees to feel supported in and outside of work, we invest in learning and development programs, community networks and family-friendly benefits. We're a leader in pay parity across gender and ethnicity. And we're examining opportunity parity for fairness in promotions and horizontal movement.

We're building current and future talent pipeline, investing in young artists and underserved communities, University Partnerships and mid-career re-skilling and apprenticeships. This year's events made it clear, that while we've made progress, there is more that we can do. As a company, we're about action, not words. And together with our back employee network, we've launched the taking action initiative focused on community, advocacy and growth. And during our global Adobe for all-week, we outlined aspirational goals to increase representation. Across our recruiting and development programs, our campaign celebrating women and black creators and our efforts to ensure that our products are inclusive, we are driving change aligned to our core values.

Another topic that's been top of mind for everyone is the future of work after the pandemic. So let's talk briefly about that. This year, we learned that there is so much that we're able to do effectively, while we work-from-home. We've launched new products, produced global customer events and on-boarded hundreds of entrants and employees around the world. Digital transformation is here. And we will continue to re-imagine customer and employee experience as a company. At the same time, we continue to believe that in real life experiences are critical to nurturing culture and trust, learning and development and innovation. Each team will need to strike the right balance for them, but in general, we will be giving most employees the flexibility to work-from-home part of the time and making this the default as opposed to the exception.

As for fully remote workers, this is something we already have today, especially amongst sales and consulting staff. Broadly expanding remote work is a significant decision that is not just about individual preference, but also has implications for collaboration, cohesion

and culture. We have more to learn here. And so we'll be starting by updating our criteria for remote work in the coming months and iterating thoughtfully, as we always do. This is clearly a journey, one, that we expect will continue to evolve. As I reflect on the year, it's been a privilege for me to contribute to Adobe in this new capacity. Our employees achieved this record year through their dedication, camaraderie and resilience. 2020 has shown us the power of Adobe's values in action and I'm confident that Adobe's best days are ahead of us.

And now I'd like to turn it over to our CFO, John Murphy.

John Murphy {BIO 16018871 <GO>}

Thanks, Gloria. Based on what I can share this morning, it's clear there are tremendous opportunities for Adobe. Now I'd like to give you a view of our business momentum and how we drive our growth going forward. Today's presentation will cover both Q4 and fiscal year 2020 results.

Before we jump into the numbers in Q4, we made a change to our segment reporting to align with the way we manage our Digital Experience business in light of the Advertising Cloud shift we made earlier this year. We created a new segment called Publishing and Advertising, combining Advertising Cloud with the existing Publishing segment. As a result of this change, our Digital Experience subscription book of business now aligned exactly to the components that make up our Digital Experience subscription revenue. And it's great to have those aligned, as that's where we're strategically driving the segment growth. This reporting change is reflected in the numbers we will show for Q4 and FY'20, and we've revised our financial information from FY '18 to present day to maintain comparability.

Now let's turn to our Q4 performance. Adobe achieved record revenue of \$3.42 billion, which represents 14% year-over-year growth, GAAP diluted earnings per share in Q4 was \$4.64, and non-GAAP diluted earnings per share was \$2.81. Business and financial highlights in Q4, include Digital Media revenue of \$2.5 billion, which represents 20% year-over-year growth. Record net new Digital Media ARR of \$548 million. Digital Experience revenue of \$819 million, which represents 10% year-over-year growth. Digital Experience subscription revenue grew 14% year-over-year. We had record cash flow from operations of \$1.78 billion and we exited with remaining performance obligation or RPO of \$11.34 billion, and we repurchased 1.6 million shares of our stock during the quarter. Overall, this is a really strong performance in Q4.

Now for some Q4 financial highlights and growth drivers for each of our strategic businesses. In Q4, Adobe achieved \$2.08 billion in Creative revenue, representing 20% year-over-year growth and added \$425 million of net new Creative ARR. We exited the year with \$8.72 billion in Creative ARR, which is also 20% growth year-over-year. Creative ARR growth drivers included acquisition of new users across all geographies and segments. Single App and CC complete subscriptions and strong performance in the imaging, video and stock categories.

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Adobe Document Cloud achieved \$411 million in Q4 revenue growing 21% year-over-year. We added a record \$123 million of Document Cloud ARR in the quarter and Document Cloud ARR exiting the year was \$1.46 billion, growing at 35% year-over-year. Document Cloud ARR growth drivers include strong demand for Acrobat subscriptions as well as demand coming through the Reader funnel and on mobile, and a significant momentum in Sign. In Q4, we also benefit from greater than expected perpetual revenue in our Document Cloud offering.

Digital Experience achieved segment revenue of \$819 million in Q4, representing 10% year-over-year growth and subscription revenue of \$696 million representing 14% year-over-year growth. The growth drivers for Experience Cloud in Q4 included accelerating adoption of Adobe Experience Platform and app services, content and commerce momentum, particularly with our AEM Cloud service offering and continued recovery in the mid-market segment, as well as success signing up deals of greater than \$1 million in annual deal value.

For the full 2020 fiscal year, Adobe achieved record revenue of \$12.87 billion, which represents 15% year-over-year growth. GAAP EPS for the year was \$10.83 and non-GAAP EPS was \$10.10. Contributing to our strong execution in FY '20 was Digital Media segment revenue of \$9.23 billion representing 20% year-over-year growth, creative revenue of \$7.74 billion representing 19% year-over-year growth, Adobe Document Cloud revenue of \$1.5 billion representing 22% year-over-year growth, exiting the year with \$10.18 billion of Digital Media AR,R an annual increase of \$1.85 billion.

Digital Experience segment revenue of \$3.13 billion, following the segment reporting change representing 12% year-over-year growth. Digital Experience subscription revenue of \$2.66 billion represents 17% year-over-year growth. We generated \$5.73 billion in operating cash flows during the year and we grew RPO by \$1.52 billion and returned \$3 billion in cash to our stockholders through our stock repurchase program.

Next, let me provide more information around our strategic cloud businesses. We'll begin with our Digital Media segment starting with Creative Cloud. We've highlighted a number of areas where we drove tremendous momentum in the creative business. We continue attracting new customers with approximately 75% of our subscribers in fiscal 2020, being new to our Creative Cloud franchise. Over 45 million students have access to Adobe Spark, nearly doubling since last year showing how we're developing creative skills for the next generation.

Mobile continues to be an important funnel for us with over 300 million mobile IDs created cumulatively, and over 80% year-over-year growth in mobile units as mobile monetization has become an important driver of ARR growth. Premiere Pro, Adobe Stock service growth and new media types are an important customer acquisition vehicle for us.

Turning to revenue and ARR, we achieved another record year with our Creative Cloud. The Creative Cloud -- excuse me, the Creative Cloud view shows an incredibly healthy business at scale with sustained revenue growth over the last several years. We continued to see significant user acquisition across creative professionals, communicators and

consumers, and revenue growth from services such as Adobe Stock continues to be strong.

Key creative growth drivers exiting fiscal 2020 include new user growth fueled by organic traffic, which remains elevated, as well as targeted campaigns and promotions. Demand for single apps particularly our video and photography offerings, strong retention and engagements, which held at pre-COVID levels exiting the year. Expansion into emerging markets, the gradual recovery in the SMB segment driving demand for our team offering including through the reseller channel and ETLAs with educational institutions.

This is such a great slide because it shows a mix of our creative revenue in FY 2017 and FY 2020. Today over 97% of our creative revenue is subscription based revenue, while the business has grown 85%. Much of our success here comes from a deep understanding of our customers, which continues to drive high retention for us. As Scott and Abhay shared, this growth is also driven by our vast innovation engine across products and services as we expand into new markets.

When you look at the makeup of IRR, a majority of the revenue continues to come from all app subscriptions across individual, team and enterprise. While growing portion comes from single app subscriptions, consistent with our strategy of expanding our market opportunity as we attract new users in the consumer and communicator categories. With most comprehensive set of creative offerings against every design category and service, we're using single apps and mobile as a proven on-ramp for new subscribers while we continue to grow our all apps business across all segments, and as an upsell opportunity for single app and mobile users.

The strength of Creative Cloud is derived from our diversified and resilient business with offerings tailored for everyone from individuals to small businesses, education and enterprises. We also have a deep understanding of how our customers want to engage with us and you can see here the slight mix shift towards individual offerings through adobe.com, while we continue to grow our team and ETLA offerings.

Next, we're going to move on to Document Cloud. This business is thriving and has continued significantly to -- contributed significantly to the company's success this year with over 70% of our channel units now being subscriptions and over 75% of subscribers in fiscal 2020 being new to the Acrobat franchise. As with the creative business, our mobile strategy is driving Adobe ID creation at the top of the funnel.

While mobile monetization is contributing to ARR growth, our focus on acquiring new customers coupled with our shift from perpetual base to subscriptions is working. The Document Cloud Strategy of accelerating document productivity going from paper to digital is really resonating in the remote work environment. The Adobe Sign business has seen a growth inflection this year, in fact we saw this inflection point before the pandemic hit and we expect this trend to continue into FY 2021.

As Gloria shared, we envision businesses with people working in flexible ways. Things will not to fall back to the way they were. To borrow Shantanu's phrase, the genie will not go

back to the bottle. There is just an explosive opportunity for new user growth as we continue to capitalize on work from home or flexible work. We have multiple growth initiatives including web-based PDF, sign as a service and the API economy that gives this business more legs.

Turning to revenue and ARR, Document Cloud is another Adobe business that is powered past the \$1 billion mark, approaching \$1.5 billion in both revenue and ARR. There's just a tremendous opportunity ahead for us. The key Document Cloud growth drivers exiting fiscal 2020 include new user acquisition of Acrobat subscriptions across all customer segments.

Monetization of our Reader installed base on mobile demand for our subscription offerings across all geos and enterprise adoption including strength in Adobe Sign. Keep in mind that we also offer Acrobat and PDF services through CC individual and all app subscriptions, which is another driver of growth in this business.

Here you can see the phenomenal growth driven on subscriptions. While the non-recurring perpetual revenue accounts for a small portion of our revenue, it's in line with our strategy. This represents a continuing opportunity to transition that installed base over to subscriptions and you can see that the total business has nearly doubled in the last three years and we have -- as we have to understand [ph] more of the business to recurring revenue sources. Unlike Creative Cloud, for Document Cloud, we continue to offer perpetual as a vehicle to have people come to the franchise. We have the flexibility of our offering, given the breadth of our customer base which is switched primarily to subscription.

Looking at Digital Media as a whole, including both Creative and Document Cloud ARR, you have a view that any CFO would love to see. It's showing the stacking effects of recurring subscription revenue up into the right, ending the year with over \$10 billion of annualized recurring revenue. When you think of the revenue base when we launched Creative Cloud less than a decade ago, it's amazing to see how we have expanded the market opportunity, while transitioning nearly all of the revenue from perpetual to recurring. This shows you the power and durability of our subscription model.

Numbers like this don't happen without an extremely sophisticated system. Our data driven operating model which is purpose-built to acquire more customers across geographies and to engage and drive higher retention. DDOM as we call it is our weapon for finding and understanding the personalized offerings for our customers. Best part about DDOM is that we use our own software, Adobe Experience Platform to drive this, which brings me to the Digital Experience segment.

Let's take a deeper look at Adobe's Digital Experience business. First of all, we're very excited to close the Workfront acquisition earlier this week, and we welcome the Workfront teams to Adobe. When it comes to M&A at Adobe, we look at the technology and the people. Adobe has a great track record and history of acquiring companies, driving synergies and accelerating growth. With Workfront we're focused on our ability to accelerate growth through the marketing used case. As Anil shared what's particularly

exciting for us is that we have the opportunity to create an industry-leading marketing system of record.

We're confident that our shareholders and customers will get maximum value and this is a huge opportunity to accelerate subscription revenue growth for years to come. Workfront represents a sizable, addressable market for Digital Experience. The targets we are providing for FY'21 and Q1 are inclusive of Workfront. And we are looking forward to hitting the ground running, integrating the business in our Digital Experience segment and expanding our opportunity with customer experience management.

Digital Experience is a category we created a little over a decade ago, bridging from content creation all the way to marketing execution, measurement, optimization and modernization. This year we achieved \$3.13 billion in segment revenue, but more importantly, we are seeing digital transformation and customer experience management resonating with our enterprise customers. More than ever before for enterprises to succeed and provide the sort of personalized real-time experiences, our customers expect, the required technology partners I can help them transform their businesses the way we reinvented our own digital medium business with our data-driven operating model and focus on customer experience management.

In my conversations with my peers across the C-suite, it's clear, no matter their industry they recognize the value in the digital transformation investment. And you can see the momentum here when you look at the makeup of our top 100 customers accounts. We're in 2020 approximately 93% of those customers are using three or more of our solutions and the average ARR has more than doubled over the last five years.

We've talked a lot about our focus on growing subscription SaaS revenue in this business. And you can see here, how our focus on driving subscription revenue has driven segment growth over a multi-year period. The growth in our Digital Experience business has been driven across subscription offerings with particular strength in enterprise adoption of content and commerce offerings, including AEM Cloud Service. Our Adobe Experience Platform is getting tremendous traction with a number of referenceable customers such as Verizon creating momentum. And we're also seeing continued recovery in the mid-market following the macroeconomic challenges we saw they are early in the pandemic.

Looking at the business by revenue type, since 2018, we've held the services and other categories relatively flat. As we said, we would, as we have focused on growing the recurring subscription SaaS revenue, which has grown at a 29% CAGR, since 2018. In order to accomplish this, we've continued our strategy of leveraging the partner ecosystem that Anil talked about earlier will align on those partners to implement our solutions and provide services to help our enterprise customers realize the value we are delivering.

Here's a view of the revenue mix by category, across our three strategic growth pillars of customer journey management, content and commerce and data and insights. These are all market-leading solutions that our fundamentals with Customer Experience Management, which we built on a common data and content platform. The growth in

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these businesses is driven by customer demands to help maintain a digital presence and transact online, deliver personalized experiences to the customers and unifying and activate their data. With a \$85 billion market opportunity, we are investing to drive long-term growth in these categories. And our comprehensive set of solutions and innovations in the platform, puts us years ahead of the competition and solving these challenges for the enterprise.

Now let's focus a little more on the income statement and cash flow and our capital allocation strategy. There is another slide mostly I'd love to see, which is revenue growth and margin expansion are both on a GAAP and a non-GAAP basis, with non-GAAP operating margin, well over 40% for the year. Contributing to our margin expansion has been the sustainable revenue growth that we have worked on for decades. The operating leverage on our subscription model and our strategic decision to exit the transactional Advertising Cloud business as well as our actions taken in response to the COVID pandemic and related cost savings associated with travel and reduced facilities operations. When we get to our FY'21 targets, I'll provide some color on how you should think about those savings in those categories specifically going forward.

Here you can see the balance of RPO, which grew 15% year-over-year and exiting fiscal 2020. This represents contracted business that is committed to flow into revenue in the future, making our revenue sources extremely predictable. The components of RPO, our deferred revenue unbilled backlog. And as we noted earlier this year, we've seen a mix shift from deferred revenue to unbilled backlog in fiscal 2020 as more of our Digital Media business has come through adobe.com, where subscriptions are billed monthly rather than invoiced annually in advance. I mean they don't hit deferred revenue the way a lot of our channel and enterprise business would. As a result of strengthen acquisition on Adobe.com continues to drive the mix shift from deferred revenue to unbilled backlog.

Moving to cash flow. In fiscal 2020, we saw an acceleration of our operating cash flow growth, achieving a record \$5.73 billion for the year. In terms of uses of cash, we continue to prioritize investment in growing the business, both organically as well as through inorganic opportunities like the acquisition of Workfront. And as always, we focus on returning capital to shareholders through our stock repurchase program.

Exiting FY 2020, we had approximately \$6 billion of cash and short-term investments as well as an unused billion dollar credit facility. This is a healthy liquidity position with an investment grade credit rating and plenty of adjust capacity. And as I mentioned, we have a long track record making sure we return excess cash to our shareholders through structured repurchases.

On that point, you can see how we've continued increasing our investment and stock repurchases, reducing the share count over time. Today we are announcing a new 15 billion repurchase authority, an addition to the amount remaining under our current authority, which are ones for the end of fiscal 2024, demonstrating our commitment to accelerating the return of capital to investors.

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Now I'd like to cover how you should think about financial strategy and our addressable markets, which underpin our preliminary targets for FY '21. What sort of our strategy, I'm going to touch on a few things on this slide. Adobe has a unique financial profile that we've discussed that drives our strategy. We invest for top line growth and our operational discipline drives margin expansion and earnings growth over the long-term.

With a diversified portfolio of leading products and services, we are investing to drive continued top line growth and expand into new categories with the massive market opportunity that's in front of us. We're accelerating our growth are going to be investments that we've made in new businesses such as Adobe Stock, Sign and our mobile applications, which have contributed over \$500 million of ARR growth, since 2017.

With data-driven dynamic planning capabilities, we exercise disciplined spend management principles. We focused on margin expansion and long-term earnings growth. We focus on integrating acquisitions quickly to ensure the same organic operating discipline as embedded in newly acquired businesses. The strict management of our balance sheet, prudent use of debt financing in cash has driven exceptional operating cash flow growth for many years affording Adobe the opportunity to continue to invest in our existing businesses and capture promising inorganic growth opportunities and return capital to shareholders.

As you heard earlier in today's presentations, we have updated our addressable markets and you can see that we are excited to capture the opportunity ahead to the extensive list of growth drivers and product innovations across Creative Cloud, Document Cloud and Experience Cloud. With Creative Cloud we're driving continued growth through broader customer segments by reaching beyond Creative professionals to communicators and consumers and by engaging in inspiring our creative community to drive customer lifetime value. With Document Cloud, we see growth inflections for acquiring and monetizing new customers across desktop, mobile and web. And finally, we continue to leverage and build upon our data driven operating model to manage the business in real-time. All this leads to the 62 billion addressable market for Digital Media in 2023.

Likewise with the most comprehensive set of solutions for customer experience management applications and services and the addition of Workfront, our addressable market for Digital Experiences grow. We expect to drive multi-year growth of the data and insights category with our scaled next generation Customer Data Platform. The segment change we made in Q4 to reflect the way we manage our business and our strategic focus. The Digital Experience organization is optimized to drive subscription and SaaS revenue growth, while gaining share of an 85 billion addressable market for Digital Experience.

Before getting into our fiscal 2021 targets, I want to walk through some of the assumptions we built in. We expect to see continued gradual macroeconomic improvement during the year. And as such, we are modeling continued recovery for the small and medium businesses into FY'21, which was the segment that was hit particularly hard early in the pandemic and then showed signs of improvement during Q3 and Q4. We anticipate an increase in our effective tax rate due to additional taxes on our foreign operations on the changes we made to our international trading structure in FY'20.

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Our FY'20 tax rate included one-time benefits to recognize deferred tax assets resulting from these changes. These deductible assets will be amortized over a multi-year period, lowering our cash tax rate over that time. Targets include initial estimates associated with our acquisition of Workfront. These estimates involve numerous assumptions given the purchase accounting process has not been completed. The purchase accounting is expected to result in an increase to amortization of intangible assets and a significant deferred revenue haircut [ph] resulting in an expected contribution of about \$25 million to Q1 revenue.

And as you know we measure ARR on a constant currency basis during the fiscal year and revalue ARR at year-end from current currency rates. FX changes between December of 2019 and this year have resulted in a \$77 million increase in Digital Media ARR. The effect of this revision is reflected in our updated investor datasheet. ARR results this year will be measured against this amount during FY '21.

The cost savings associated with the current remote work environment will continue into the first half of FY '21. In terms of OpEx growth, we will be investing in topline growth opportunities and our hiring is expected to return to an ordinary pace, particularly for R&D and sales and marketing roles. And we expect T&E and facilities expenses to ramp in the second half as things open back up.

Lastly FY '21 is a 53-week fiscal year for us with the additional week falling in Q1. As we noted in the press release, we estimate the extra week will benefit Q1 with approximately \$240 million in additional revenue over a 13-week quarter, as well as an additional \$25 million in net new Digital Media ARR.

So with further ado -- without further ado, I should say, here are the targets we are providing for fiscal year 2021. Total Adobe revenue of approximately \$15.15 billion; Digital Media segment year-over-year revenue growth of approximately 19%; net new Digital Media ARR of approximately \$1.75 billion; Digital Experience segment year-over-year revenue growth of approximately 19%; Digital Experience subscription revenue year-over-year growth of approximately 22%; a tax rate of approximately 19% on a GAAP basis and 17.5% on a non-GAAP basis; Share count of approximately 482 million shares; GAAP earnings per share of approximately \$8.57 and non-GAAP earnings per share of approximately \$11.20.

For Q1 of FY '21 we are targeting revenue of approximately \$3.75 billion with Digital Media segment year-over-year revenue growth of approximately 26%; net new Digital Media ARR of approximately \$410 million; Digital Experience segment year-over-year revenue growth of approximately 19%; Digital Experience year-over-year subscription revenue growth of approximately 22%; tax rate of approximately 15.5% on a GAAP basis and 17.5% on a non-GAAP basis; share count of approximately 484 million shares; GAAP earnings per share of approximately \$2.19 and non-GAAP earnings per share of approximately \$2.78.

In terms of seasonality, while 2020 was not a typical year given the pandemic, resulting in a particularly strong Q3 with everybody working from home as we spoke about last quarter, we're assuming things will be back by the summer of 2021 and we would expect

Digital Media net new ARR in FY '21 to grow sequentially from Q1 to Q2, dip seasonally in Q3 as we have experienced in the past and have a strong finish in Q4 as we typically do. And in terms of EPS growth, we expect strong growth in Q1, followed by more modest growth in quarters two, three and four as we lap the COVID-related savings from FY '20, as well as resulting from a higher effective tax rates in fiscal '21.

To wrap up, Adobe saw a record performance in FY '20, something we're all proud about, and the business momentum is strong as we look towards FY '21. And we continue to be the market leader delivering growth and expanding margin at scale, in fact record profit and cash flow. We have a large expanding market opportunity as we've shared and we're driving category creation and expansion innovations and growing customer universe targeting over \$15 billion in revenue over the next 12 months, and we are disciplined to operate with a proven track record for driving long-term topline and bottom line growth.

Now we're going to go through a short video and then Jonathan will kick off the Q&A. (Video Presentation)

Jonathan Vaas {BIO 21700508 <GO>}

What a great video. I certainly can't imagine standing productive without Adobe Sign and Adobe Acrobat. Thanks, John. We are now going to move to live Q&A with all six of our executive speakers. For those of you who wish to ask a question, please go ahead and queue up now with our conference call operator if you haven't done so already. And when you ask a question please remember to mute your webcast to avoid any feedback. And due to the format, there may be a few seconds of latency, so please keep any introductions to a minimum.

With that, operator, we'll take the first question.

Questions And Answers

Operator

Thank you. (Operator Instructions) We can now take our first question Brent Thill of Jefferies. Please go ahead.

Q - Brent Thill {BIO 1556691 <GO>}

Good morning. Thank you for the great overview today. Shantanu, there have been some investor questions just on the current quarter around Digital Media, and the percentage of upside relative to plan was a little lower than some thought [ph] many are asking is there anything to consider buying the Digital Media business for the quarter? And then maybe more importantly, looking into next year and Digital Experience, it seems like you're seeing some great momentum. Maybe Anil can talk about what is driving that increased confidence momentum in that business? Thank you.

A - Anil Chakravarthy {BIO 16628903 <GO>}

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Sure. I'm happy to answer both questions and give you some color. First as it related to Digital Media, I mean, we had record Q4 performance in Digital Media, \$548 million in net new ARR which is just phenomenal performance. I would say both Q3 and Q4 were very strong and certainly I think when you look at the back half of the year, as it relates to Digital Media, it was incredible performance. And when you look at our Q1 targets, as well as when you look at the targets for the entire fiscal 2021, as you know these are the highest targets that we have given at the beginning of the year.

And so the growth drivers that we see in Digital Media just continue unabated, everything from acquiring customers, up selling them, I think we tried therefore, to give you real color between the individual apps and the full apps. And you know our data driven operating model allows us to be pretty sophisticated, and so relative even to our targets for Q4 as far as we're concerned it was a beat, which showed the momentum that we had in the business.

So Digital Media ARR, nothing we continue to believe in the expansion of the total addressable market and really pleased with our performance. As it relates to Digital Experience as well, I mean, I think the momentum there what happened was clearly in Q2 and Q3 as all companies we're dealing with the pandemic. What was top of mind was customer continuity and safety of the employees. As soon as that pivoted, everybody was talking about Digital is the only way out of the pandemic, and so they started to look at who were the clear leaders in customer experience management. And the conversations really accelerated for us. That was the momentum, the Adobe Experience Platform being a clear leader, which is why as you look at our expectations for 2021 and what we believe will continue to be accelerating beyond that. We're pleased. And net-net, we're really excited about our 2021 targets.

A - Jonathan Vaas {BIO 21700508 <GO>}

We'll take the next question, operator.

Operator

And our next question comes from Brad Zelnick of Credit Suisse. Please go ahead.

Q - Brad Zelnick {BIO 16211883 <GO>}

Excellent. Thank you so much. And Jonathan, no just respect [ph] to Mike, but I think your 10th year, you've delivered a great event. So thank you for that, and it's clear that the best is yet to come from Adobe. I have one question for Shantanu and another for John. For Shantanu, Shantanu I'm struggling a bit to reconcile the optimism as expressed by the growth rates and what are no doubt very large, very exciting markets in which you participate in many cases lead, but your growth expectations in current run rates would suggest you expect to lose share across the board. So, just curious if you think that's a fair observation in what I might be missing?

And for John, John I wanted to ask about Slide 112 in the deck, which you presented about Creative Cloud, how should we think about conversion of single-app to all apps? And what is the leverage here to highlight the value of the entire Creative Cloud suite. And

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maybe just related to that, what's the non-genuine usage opportunity that's left? Thank you so much, guys.

A - Shantanu Narayen {BIO 3332391 <GO>}

Yeah. And I'll start off with that. And like you said, we appreciate the leadership that Jonathan has showed in helping or pull together, what is, hopefully the only virtual event that we do and we can get back to more normal see next year. I think as it relates to the opportunities that we have in the market, and how we are thinking about it, we're certainly you know the market leaders. And in each one of the categories that we are talking about first, while we don't think it's a zero-sum game. We're actually continuing to be the leader in each one of those categories.

So I don't know specifically how you're looking at it and feeling like we're not, but we are actually gaining market share and we've become the true end-to-end leader, whether it's on the creative side, as it relates to entire category of application. Certainly, I think in Digital Experience, you're going to see a consolidation of you know where all of these solutions are done, the Experience Platform what we said around customer data and insight. So we're excited about our prospects and in each one of them. We continue to believe that we will be number one and we'll continue to gain market share. So that's really the way that we look at it in terms of the expansion opportunity ahead of us.

A - John Murphy {BIO 16018871 <GO>}

And in terms of Creative Cloud and conversion single apps to all apps, as we said, we've got so many opportunities to attract different customers and different types of customers to the platform. And we are definitely growing our Communicator segment and the Consumer segment. But as we've seen particularly during the pandemic and the work from home, the need to create and use digital solutions to do that is really touching so many different segments of customers. So the value there for us obviously seen in the growth of ARR, overall is fantastic and gives us an opportunity to continue to monetize access to that base of customers over time.

We don't down size the non-genuine environment in a very long time. It's probably a sizable opportunity, but we chip away of that when we have a very good entry price point for a single apps for customers that may be using non-genuine product. And so as they see the innovations that are available with our cloud-based solutions and our mobile solutions, its' certainly a way that attracts people that may not have even realize we're using non-general product. It's actually is the most up-to-date innovative products that we have. So it's really an important aspect for us, Brad. In terms of addressing all of the different segments that we can address and attract more and more people to the franchise.

Q - Brad Zelnick {BIO 16211883 <GO>}

Thanks very much guys and a happy and safe holiday to you all.

A - Shantanu Narayen {BIO 3332391 <GO>}

Thank you.

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Operator

And we will now take our next question from Mark Moerdler with Bernstein Research. Please go ahead.

Q - Mark Moerdler {BIO 16855032 <GO>}

Thank you very much for taking my questions and congratulations on the quarter. Adobe has been very thoughtful and measured in modeling your TAM in the past. And as we've written, the TAM has been a really good leading indicator of future growth. I think most would find the large year-over-year TAM expansion, specifically for Creative Cloud is a bit surprising. Can you give us some more color on what you're modeling in that's driving such a big TAM expansion? Why you feel so confident? What's changed any color would be appreciated.

A - Shantanu Narayen {BIO 3332391 <GO>}

Sure, Mark. As you know, and you followed us for a while, we take our addressable market very seriously. And unlike some companies, we just throw the kitchen sink and what did they believe is their addressable market. And so let me touch a little bit on, when you look at Digital Media and the TAM, some of the growth vectors. With mobile, firstly, mobile has become, we talked about the 300 million ids, that we've already created. And mobiles become a pretty impressive funnel in terms of both attracting new customers to the platform, the ways in which we are monetizing the mobile only services, but how that also serves as an on-ramp. And this was one that until we had real offerings in the mobile space and the ability to have these multi-surface. We also have storage options in terms of some of our products across multiple surfaces. So that's clearly one of the drivers that is continuing to grow.

I think as the nature of our products, target the communicators, in addition to the creative pros and the consumers, all of these applications as well. We feel like that's another part of the addressable opportunity. Certainly, what we've seen with start the business is doing really well. And this notion of content first authoring paradigm where people start to author the content using a piece of content. We think that, that also drives further acceleration in that particular business. The amount of stakeholders you've seen us deliver more and more collaboration services and the collaboration services allow us to also monetize that.

On the Document side and on the Creative side, what we've targeted with respect to the web, we that's why gave you some insight as to the magnitude of how much people are doing PDF searches on the web and what kind of an industry that's become, that seems sort of task-based approach is certainly true and creative. That's a brand new opportunity. And the confidence that we have in being able to convert all of that traffic and all of that acquisition funnel into monetization models gives us a lot of confidence. And so when you look at the services, whether it's Stock or Sign, what's happening with respect to document workflows.

And I think as we said during the prepared presentation, the fact is this digital inflection point, it's only going to increase in terms of the number of people who use it. And that's

why we also touched on regulated industries, which in the past may have been a little bit more slow or less enthusiastic about digital. There is no opportunity left for them. So all of that really adds up to why the TAM continues to build for us.

Q - Mark Moerdler {BIO 16855032 <GO>}

Thank you very much. And again congratulations and stay safe.

A - Shantanu Narayen {BIO 3332391 <GO>}

Thank you.

Operator

We can now take our next question from Alex Zukin of RBC. Please go ahead.

Q - Alex Zukin {BIO 18006605 <GO>}

Hey, guys. Thanks for taking my question and congrats on a wonderful quarter and a bright out presentation. Shantanu, I wanted to ask you, kind of similar to the previous question. How should we think about the headwinds and tailwinds in the business as we come out of the pandemic. Where are you most enthusiastic about the growth vectors in both Digital Media and experience? And then John, I think, obviously, investors are pleasantly surprised at some of the modest margin leverage you're showing for next year given the one-time to re-savings from this year coupled with effective with the acquisition. So I guess, how should we think about the impacts on margins of the durable efficiencies around go-to-market post-COVID and the trade-off between operating leverage and growth?

A - Shantanu Narayen {BIO 3332391 <GO>}

From my perspective, Alex, I mean there definitely, it's the tailwinds that's the story of the company, and it's across all three businesses. I think on the creative side, this notion of more content creation and more content consumption across all of the media types is certainly driving more usage of our particular products. Global expansion we didn't talk about that as well, but global just continues to be as digitization becomes phenomenon, a tailwind in our business. I think the Document side is probably going to see the biggest tailwinds, as it relates to what happens part of the reason of making sure that we had Gloria touch on how we thought about remote work and what was happening as we think about our own business and how we think about remote work.

So I see significant tailwinds in the Document business both as it relates to the usage of electronic documents, as well as the automation of business workflows, and that drives Digital Experience. And Digital Experience, I mean which one of us is now going to go back and stand in line for our drivers license, so for a permit to do anything else. And so I think you're just going to see more and more, if anything the pandemic and the health crisis has raised the urgency, and I think John alluded to this, which is every CFO, and every C level executive that I talked to, what's top of mind right now is digital transformation. So they're all saying, okay, vaccines are on the way. Once the vaccines come, we're not going back to business as usual. And you know whether you're on travel

or hospitality or whether you are in some of the other industries that have unfortunately been impacted a little bit more. Digital engagement is the only way around it.

So net-net, I really don't look at our businesses and feel like the headwinds associated with the business, I mean we are continuing to be dependent on the macroeconomic environment, which is actually continue to be fairly robust. And so we're excited about our prospects. And I think the solutions that we deliver become frankly more important rather than less important.

A - John Murphy {BIO 16018871 <GO>}

Yeah. On the margin question, Alex, I think, when we think about how we target growth, so that's -- we were a growth company. And so we want to continue to invest in growth. And we've been able to demonstrate over time that as we drive growth we're able to expand margins over time. If you think about our original targets for FY '20, we still had expanding margin coming out against FY '19. And while we're really pleased to deliver this level of operating margin in Q4, we do expect 2021 to have operating margins down from our Q4 high, but still expanding over FY '20. So we are definitely committed to that.

The reason for that is that we'll be lapping much of the COVID-related savings and we could expect to realize some of those savings in the first half, but there is a gradual phase reentry happens later in the latter half of the year we expect to be able to invest because that's going to drive growth, and we want to continue to strike the right balance between investing for growth and benefiting from those continued first half savings, not to mention, we will be impacted by the deferred revenue haircut for the Workfront acquisition, but even so we're still going to be expanding our margin in FY '21 over FY '20.

Q - Alex Zukin {BIO 18006605 <GO>}

Perfect. Thank you, guys. And congrats again on another great job. Stay safe and stay healthy.

Operator

We can now take our next question from Jennifer Lowe of UBS. Please go ahead.

Q - Jennifer Lowe {BIO 6926228 <GO>}

Great. Thank you. Two from me. First, may be asking the opposite question of the one that Brad asked earlier, but looking at that composition of ARR by four, three versus single app, given all the discussion around single app is an on-ramp but -- and an attractive landing point for communicators and consumers, and you seem to be seeing a lot of momentum there. Why hasn't single app grown as a percentage of that mix? And as you continue to lean into that sales motion, could it be more 50-50 over time, or is the expectation in communicators and consumers, they will ultimately default [ph] and it just stays balanced, just any color there?

And then secondly for John, Alex mentioned that the presumption as Workfront is dilutive, but I'm just curious if we could get a little bit more color. We got the Q4 -- Q1 revenue

impact, but is there any more color to add around either margin impact in Q1 or what's baked into the full-year guide for Workfront? Thanks.

A - Anil Chakravarthy {BIO 16628903 <GO>}

Sure. So, Jennifer, I'll take the one on the single app. And as you know you have to look at both the units view as well as the ARR view. And the units view continues to grow, but remember that also is an area where as we ramp them to the platform, it's the single apps, that's the way in which we acquire them, but we're doing a better and better job of being able to convert them into the full app.

So I think what you have to just recognize is that the single app pricing in ARPU is a little bit lower, and so that same pie chart that we showed that's the revenue look or the ARR look associated with it. And when you look at the units look, clearly it will show a different picture in terms of the higher proportion of what's happening through single apps. And so that's a model that all the way back to Creative Suite, we know how to do that, attract new customers to the platform and drive that in. So that's the answer to your question around single apps and the full app model, and it's actually working for us.

A - John Murphy {BIO 16018871 <GO>}

And Jennifer, in terms of Workfront, yeah, the Workfront acquisition, it's just closed. We don't have the full purchase accounting completed yet. We are expecting significant deferred revenue haircut as this is fairly typical with these acquisitions. And as a result there will be slight dilution, but as you can see in our full-year targets, we're still targeting significant margin expansion over FY '20. And that just kind of shows the leverage in our operating model, our ability to continue to invest for growth and still expand our margins and our earnings.

Q - Jennifer Lowe {BIO 6926228 <GO>}

Okay. Thank you.

A - John Murphy {BIO 16018871 <GO>}

You bet.

Operator

We can now take our next question from Jay Vleeschhouwer of Griffin Securities. Please go ahead.

Q - Jay Vleeschhouwer {BIO 1498201 <GO>}

Yeah. Thank you. Good morning. Shantanu, you noted the closing this week of the Workfront acquisition, and it also happens to be this week, the 15th anniversary of the Macromedia acquisition. And it's pretty evident with the long-term value of that acquisition has been in terms of the impact on the company. And the question therefore for the Adobe today is, do you think that the long-term lasting value of a foundational technologies that you have or investing in DX can have a 10-year or more lasting value for Adobe? Or do you think that perhaps be half life, so to say, foundational and critical

technologies might be shorter. And if so, what are the implications therefore for R&D spending and the like?

And then secondly, a recurring theme from the company this year, particularly in Summit has been application and intelligent services, and I hate [ph] referred to this. Looking ahead, over the next number of years, what do you think the contribution from those discrete new services might be excitingly incumbent of Sign and Stock. I'm asking really more about the newer ones that you have in mind. And although service is something that you might be, be able to disclose more specifically over time as it become material?

A - Shantanu Narayen {BIO 3332391 <GO>}

So, Jay, let me take both. December is not only as you point out the anniversary of the Macromedia acquisition in 2005. I can even have the privilege of going back and say, December was also when we did an acquisition for GoLive in 1998. That was one of my first acquisitions and that sort of embarked us on the web journey as well which has clearly proven to be also one of those seminal moments.

But more seriously, I think, when we look at what we've done with Workfront, we've always had and understood the technology component of what it means to deliver these services, but the amount of spend the amount of ability to drive efficiency as it relates to the internal workflows and processes associated with it, because you know, it's not just about the campaign itself, it's about the creation of the campaign, and we've talked about this expression content velocity for a while. And so when people want the ability to create these campaigns and personalize it and get this out in global, it's not just about the technology platform, but it's also very much about the work management associated with it, which is why we're excited about Workfront and what it does for us.

I think as a company, they perhaps, you know, focused or de-focused and spent a little bit more time on the broader opportunity, and we just think focusing on content and focusing on creation, well, I think most people are correctly pointing to what we can do as it relates to what happens on the marketing side. The fact is that we also have a significant number of customers who use Workfront in conjunction with the Creative Cloud. And you've written about our desire to continue to integrate the Creative Cloud as well as the Experience Cloud with that entire content creation, management, monetization, measurement, opportunity that we have, and I think this can be a significant accelerant to that as well.

So you know you have seminal products, whether it was Macromedia, whether it was Day Software, when we talked about content that actually created these significant opportunities for us in terms of platforms. And now tying that together, the glue which is why when you look at one of the slides in the deck and how Anil describes where Workfront is, it's really the glue that actually ties together all of our marketing application. So, I think to your point, we feel like that could be a really significant enabler of increasing more people into the entire marketing campaign workflow. And in addition to that really providing more integration capabilities across each of our solutions.

I think to your second point associated with services, what is phenomenal about both our Creative business and our Document business is actually the breadth of our offering. I

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think this is related to some of the questions. I mean we have mobile offerings, we have services offerings, we have single apps offerings, we have full offerings, we have freemium offerings. And I think as the business scales I understand the need from investors to say, hey, how can you give us color, that's part of the reason why John was giving a little bit more color on how material the combination of mobile and stock and sign have given.

So I know we will continue to figure out how we can provide more insight, but I think it's to answer the question of the incredible momentum that we're seeing around both the Creative Cloud and the Document Cloud. What's underlying it? And you know there is very, very significant amount of debt associated with that entire business, which is what's fueling our business. And I've been a reminder that it's also close to the 8th anniversary of when Scott and Behance joined us in 2012. So Scott, it's good to have you on board as well. But thanks for the question, Jay.

Q - Jay Vleeschhouwer {BIO 1498201 <GO>}

Thank you, Shantanu.

Operator

We can now take our next question from Kirk Materne of Evercore ISI. Please go ahead.

Q - Kirk Materne {BIO 5771115 <GO>}

Hi. Yes. Thanks very much. Thanks for all the information today, and happy holidays to you. Shantanu, I was wondering if you could just double click a little bit on the Experience Cloud business, just in terms of the three pillars their customer data, content and customer journey. And is there one area in particular, I mean two, that you're particularly excited about as we head into calendar '21, and rose there's big opportunities for all of them. But just kind of curious as your thoughts on those kind of pillars in each of those positioned for next year. And then John, just on the work on acquisition, you gave us the \$25 million in revenue for the first quarter. I assume it's fair that, that would ramp from there given that the purchase right down, I know you probably don't want to give a full year number on revenue, but I assume that should scale from that starting point throughout the rest of the year. Thanks. Thanks all.

A - Shantanu Narayen {BIO 3332391 <GO>}

Yeah, Kirk, I mean whenever I get cost questions, at least, you didn't ask me the question that I can never answer, which is one of my favorite products, because you know as products in the portfolio we can't -- I don't distinguish between them. Maybe the ones that I would highlight is, the momentum that we've seen around the Adobe Experience Manager Cloud version that has been really phenomenal. And so we've seen some really good success. As we moved, everybody is again thinking about content, how they improve their agility. And so I think the content and commerce which represents a large opportunity in the fact that we've integrated how you can create a content site and then have an enable commerce for it, whether it's B2C or B2B. We're seeing just a tremendous demand for it, because every company that didn't have the ability to transact business online, it was seeing a fair amount of headwinds in the pandemic. So content and commerce, I will continue to believe is one of the underpinnings of our business and continue to be a driver associated with it.

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And the second one that I'll talk about is, where Experience Platform, a big part of it is reported within the data and insights, and what we are seeing associated with now all of this data coming back in the unified profile. So I think that is really one of the areas that we've also seen significant momentum in Q3, and in Q4. People want to know how they can create that profile? How they can deliver it? So, if there were two out of the three, though we say all three of them are growth opportunities, I'd probably prioritize it like that curve.

A - John Murphy {BIO 16018871 <GO>}

And thanks, Kirk. Yeah. Absolutely, you're correct. The \$25 million that we are targeting for work fronts in the first quarter, of course, depending on what the purchase accounting plays out to be. We have kind of modeled out for the year or two with best of our estimates on the deferred revenue haircut. So we are expecting between \$140 million and \$150 million, but again really dependent upon when we finalize the purchase accounting later this quarter, but it will ramp.

Q - Kirk Materne {BIO 5771115 <GO>}

Thank you all.

A - Shantanu Narayen {BIO 3332391 <GO>}

And big picture on that, Kirk. I mean certainly our expectations for the Workfront acquisition, net of all the accounting things that John alluded too that there would be accretive to the growth profile of the company in terms of where the opportunity is, and what we expect to do with that business. So I just want to make sure we separate how internally we are looking at the growth and what we are driving towards is our plan relative to what will be reported as John mentioned, on the accounting site.

Operator

And we can now take our next question from Keith Bachman of BMO. Please go ahead.

Q - Keith Bachman {BIO 3018411 <GO>}

Hi, thank you. I'll ask Shantanu directly to review, one is a conservative question from me is the Document Cloud continues to put up a very strong number in terms of ARR. And you're guiding the growth of Document Cloud TAM opportunity again between 2022 and 2023, 60% growth, which is far higher than the ARR growth. So I just wanted to see what you think the conclusion should be for the current run rate of ARR growth, call it mid-30s, and a pretty significant growth of the TAM. Does that suggest that the growth rate can actually accelerate?

And then I'll just ask myself a question. Thanks very much for the disclosure surrounding the Creative Cloud, included users in the dollar TAM, very helpful and interesting. Where would you rank order, so to speak the growth potential being driven by the consumers, communicators or creative pros, as we think about our model over the next couple of years? Thanks very much.

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A - Shantanu Narayen {BIO 3332391 <GO>}

Sure, Keith. So I think there were two questions. I think the first one as it relates to where we are ensuring that our Document products are being adopted. Remember, the Document products get adopted both as part of the Document Cloud, and what are reported in the Document Cloud ARR, but also Acrobat is a huge part of what we report within the Creative Cloud, and what's happening within the Creative Cloud. So the growth that we're seeing in documents is reflected in both, because in many ways what we see is that the adoption of PDF as a collaborative medium as well as for workflow in the Creative segment is also extremely large. So I think of it as really fueling two large growth opportunities. But certainly, I think the acceleration that we've seen in that business and the continued focus and investment that we're going to make in that business gives us a lot of confidence of being able to continuously grow the Document business from our perspective.

I think as you look at which customer segments much like Jennifer's question as it related to ARR, the numbers associated with versus the ARR, you know could have potentially different answers. And certainly, I think on the consumer side, what we are seeing with the mobile ID creation, what we are seeing in imaging may be which appeals primarily as a new category to the consumers. The communicators is a large space. It's always been a big part of the Halo. And so the numbers are probably in terms of new customer acquisition, largest in consumers than in communicators, than in creative pros. But the opportunity to drive ARR continues to be across all three, because of the different price points, as well as in many cases, the way we up-sell into those particular customer segments. So that's the way we look at it.

Again, done this enough where I know people want a simple and multiplied by end in order to be able to do it. But I think, what actually makes us so differentiated and such a sustainable business is really the fact that we have these breadth and depth of offerings in the deed on that we've talked to you about, where we know how to personalize each offering. And it's also different by geography, maybe that's one of the things that I should mention. And it's different for example in education. Education had a phenomenal year, and that ceding that next generation of creative professionals, but in many cases, whether it's a K through 12 license or license for an entire educational institution, the ARR may be small. So hopefully that gives you a little bit of color as to how we think about each of those segments. But the nice thing is now we have a product portfolio that cuts across all of them.

Q - Keith Bachman {BIO 3018411 <GO>}

Yes. Many thanks.

Operator

We can now take our next question from Ken Wong with Guggenheim Securities. Please go ahead.

Q - Ken Wong {BIO 20723645 <GO>}

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Great. Thanks for taking my question guys. Just one for me. I wanted to just touch on the slide you guys put up there with the -- in Digital Experience where the average better off in the top 100 customers went from 3 million to 8 million, which is very impressive. Just wondering what kind of headroom do you think you have with that top 100 as more adopt to you kind of full CDP? And then also how far down the customer list, could you possibly maybe see a similar 3 million to 8 million type uplift from your customer base?

A - Shantanu Narayen {BIO 3332391 <GO>}

I think one of the impressive things Ken that Anil has done is really focus on what he calls the transformational accounts, which is, in many ways, I think as he has taken on responsibility for the entire product, as well as on the go-to market. I think an analysis showed that while we were getting significant traction with a number of customers that we had. It's really this focus on transformational accounts and creating a good go-to-market has demonstrated that there is massive headroom associated with this with our customers. I think the Verizon example was a good example to articulate and show how each of our products.

And the second part of that honestly, is the fact that we are also far better at demonstrating what the ROI is, and again on the lighting touched on the ROI associated with the Experience Cloud. So as you take the ROI, as well as you take the focus that we have on these transformational accounts who had the ability to do work front, we just continue to think that there is massive opportunity. That's the beachhead, but that doesn't mean in any way shape or form that there is a limited set of transformational accounts, rather it's the recipe to continue to deliver value become strategic to these customers and drive significant ARR.

And as it relates to the breadth and depth of that customer base, again going back to the question that I think was asked around Experience Cloud and what's driving it. The AEM Cloud Service is not just service that can apply to large enterprises who may be want to create you know new websites, as it relates to campaigns. The fact that it's easily provisioned and easily on ramp, actually makes it a very appropriate solution for what we refer to as commercial or mid-market or small and medium business customers. And integrating things like analytics into it and commerce into it with the Magento service enables us to really say, we could be your one-stop shop for getting a web presence as well as for transacting commerce on the web. So clearly the aspirations are to enable people to have a quick and one-stop on brand.

Q - Ken Wong {BIO 20723645 <GO>}

Great. Thanks so much on it.

Operator

And we can now take our next question from Walter Pritchard with Citi. Please go ahead.

Q - Walter Pritchard {BIO 4672133 <GO>}

Hi, thanks. I had two questions, one for John, and one for a Abhay. John on the, one of the slides, you talked about 75% of the individual subscribers needed Creative Cloud

franchise in fiscal 2020. Can you just clarify the other 25% are they coming from mobile apps that were the prior year? Where is the other 25% coming from? I think the disclosure in the past is a little bit different. I'm just trying to frame that and then I have a follow-up.

A - John Murphy {BIO 16018871 <GO>}

Yeah. They're coming from a couple of different places. Certainly, mobile as we talked about before is a huge on-ramp for us. And we've been having some the new Adobe IDs created on mobile. We also perpetual is the other part of that as well. So definitely strong performance across both of those in Q4.

Q - Walter Pritchard {BIO 4672133 <GO>}

Got it. Great. And then for Abhay, if you still on just around -- you talked about more API -- opening up more APIs. And I know in sign one of your competitors, there is quite strong leveraging that. Could you talk about where you expect to see sort of the tangible revenue impacted as you embark on that effort and productize some of that you're building around API-based access for products?

A - Abhay Parasnis {BIO 18028686 <GO>}

So I think at a macro level, I mean we shared a little bit, and then we talked about in the Document Cloud Strategy and I covered. Across all our businesses, but especially in Document Cloud, PDF has always been a very vibrant ecosystem play as you know for us, where it's connected into lot of ISVs and solutions across industry verticals, line of business applications. And so what we are starting to now do is opening of APIs and working with three kinds of players. There are large ISVs like Microsoft, Workday, ServiceNow, where we are connecting our application that APIs directly into their ecosystems on applications and have kind of joined attach motion there. But then we are also opening it up for the broader developer ecosystem.

And as you know even on our DX Enterprise business, we have products like Magento and ecosystems of large developers who connect our platform, whether it's AEM Magento. And we are opening up our APIs around signatures PDF to that kind of long tail of developers. So I would say large ISVs like Microsoft ServiceNow Workday that we have announced partnerships around and integrating and then a broad long tail developer reach play where they are embedding our APIs and services for more in line into their applications and taking it to market.

The last thing I'll say and kind of we shared also said AI, the other piece of the API strategy is also opening up our intelligent services around Sensei platform and exposing those also beyond our applications for developers and ISVs, which are very unique and differentiated. So that's the other component of that.

Q - Walter Pritchard {BIO 4672133 <GO>}

Okay, thank you.

Operator

We can now take our next question from Derrick Wood, Cowen and Company. Please go ahead.

Q - Derrick Wood {BIO 4963641 <GO>}

Great, thanks. There are two questions from me. Shantanu, may be to start on kind of doubling down on the communicator market. Just curious about who -- some of the more popular personas are out there? And maybe how COVID has been a catalyst? And what you guys are doing to kind of lean into that market more? And then for John, on the Digital Experience side, change like there is a lot of margin leverage to be driven out of that business restructuring on the Ad Cloud side is one step sounds like maybe more revenue leverage at AEP's in other, but can you just talk about some of the things you guys are doing to drive better leverage on both the gross and operating margin as we look over the next year or two?

A - Shantanu Narayen {BIO 3332391 <GO>}

Yeah. Let me start, as it relates to the communicators, what I think most people don't, maybe fully appreciate is, what is happening on the web with respect to wanting to do certain creative tasks and being able to fulfill those tasks with what we are doing around search engine and everything associated with the actions that people want to do. They want to remove the background for a picture. They want to post it for social media.

And just the communicators that we refer to are also what we're perhaps referred to in the past is knowledge workers, because we just fundamentally believe that every piece of printed material or presented material benefits from this more interactive graphics rich. And so what we are seeing is the ability for people to say, I want a single click ability to finish my task. And then once they finish that task, expose me to all of the other riches that exist in Adobe's creative products.

So I think that's a big driver of what the communicator has. We certainly see that with Spark, we see that across Lightroom, as people want to share their images. But we also see it in our category-leading applications. Video is the other place, where the usage of video in virtually every piece of communication is rapidly accelerating. So hopefully that gives you a couple of examples of where the communicator, organic demand is coming from.

A - John Murphy {BIO 16018871 <GO>}

And Derrick, in relation to Digital Experience, yeah, we -- I mean looking at the TAM, we have such a great opportunity. And as you've seen we expect acceleration and then with Workfront even further acceleration. Workfront had stumbled there before. We actually acquired then a little bit, but we know that the demand is there for that solution and coupled with our capabilities. We know we can actually accelerate that back. So there's definitely revenue leverage and the Digital Experience business.

And as we said, the way we've realigned the Digital Springs business by moving and cloud, out of that segment because we're operating a bit differently. We wanted to make sure that we're operating the Digital Experience business to way a healthy SaaS companies. We should view and we have aspirations for strong margins there. If you think

about healthy SaaS company is growing and their margins you have the Rule 40. So we're definitely excited about that.

The other thing we're doing is, we're going to continue to invest as we said in hiring and not only in R&D, but also in sales capacity, because that's the -- we're not opportunity constrained. We just definitely need to take advantage of the ability to capture all this opportunity, particularly now the way that we've aligned the solutions within Digital Experience and then resonating with our customers and then of course with Workfront, we can accelerate even more.

Q - Derrick Wood {BIO 4963641 <GO>}

Thank you. Happy holidays.

A - John Murphy {BIO 16018871 <GO>}

Thank you.

A - Shantanu Narayen {BIO 3332391 <GO>}

Operator, let's take two more questions, and then we'll do a brief wrap up. Thank you.

Operator

We can now take our next question from Sterling Auty of JP Morgan. Please go ahead.

Q - Sterling Auty {BIO 2070271 <GO>}

Yeah, thanks. Hi, guys. Shantanu, how would you characterize in the Digital Marketing advertising Adobe Experience area with all the products ranging from the original armature or the way through to Marketo and all the homegrown solutions as well. Where are you in the evolution of taking that entire stack into a fully integrated Cooper Netties enabled cloud delivered platform. Are you complete, is there still spaces less to deliver? And how might that investment impacts gross margins moving forward?

A - Shantanu Narayen {BIO 3332391 <GO>}

Well, Sterling, when we have the kind of innovation opportunity ahead of us, let me first start off by saying we've made tremendous progress. So the delivery of the Adobe Experience Platform was a momentous milestone, Sterling, not just because we delivered all this new functionality, but we started to have whether it's Adobe campaign functionality, integrated into the experience platform to be able to do customer journey, whether it was the Adobe Analytics. What you referred to is the armature functionality and being able to get inside of all of that data. And so the progress that we've made in being able to drive all of these solutions into a common platform. It's never done. To some degree, I remember that people would ask me how much innovation do you have on the Creative products? And here we are decades later, and the list of what we can do with these products, dwarfs what we ever had 20 years ago.

So as I think about the Experience Platform, and I think about what every enterprise has to do to rewire it. I think we're in a fantastic position given the engineering efforts over the

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last few years to have this integrated platform that nobody else has. It runs on Cloud, I think you've seen with the progress and success that we've had around Microsoft, and what we've done with Microsoft on Azure, it's certainly cloud-aware. The announcement that we made with IBM, with the ability for all of these to also run in a hybrid cloud, where people whether it's for regulatory reasons or other reasons want to run it on their private cloud network. We've made progress and there's clearly interest on companies like VMware and IBM to partner with us on that. So I'm really confident about the architectural thing, but the way we look at it is, you are constantly architecting for new architectures, you're constantly doing work in AI and ML and providing more and more insights, some of the ways in which we've actually added tremendous value is in the reporting and the analysis and the insight that each one of these has been doing.

But the breadth and depth of our offerings, I think there is still significant headroom of what we can do, because the way you have to think about it is, if we believe that with DDOM, we're one of the most mature companies in terms of having a digital funnel and how we operate that's driven our success. We are pioneers, not just in delivering technology, but in how we've moved it. And that movement for every company now rethinking their business process, rethinking their computer architecture, we're at such an early stage that we're going to have to keep innovating around that space.

And so we think of it right now as an overall growth opportunity. We have made as you saw the strategic decisions around how we think about margin in that particular business. And so we will continue to see margins expand in that business. But I think what you should be most excited about as an investor is the fact that we're investing in this immense opportunity and extending our lead. And so I think that's the way we think about it.

You'd look at the overall margins of the company again, and I think John alluded to this, despite investing in Workfront, despite investing in sales capacity, despite saying that we will accelerate growth, we're showing you margin expansion for the entire company. So we know how to do this, which drive topline growth and bottom line growth at an impressive margin. So that's how at least I think about it.

A - Jonathan Vaas {BIO 21700508 <GO>}

We'll take the next question, the last question.

Operator

We can take our final question from Keith Weiss of Morgan Stanley. Please go ahead.

Q - Stan Zlotsky {BIO 19183037 <GO>}

Perfect. Great. Good afternoon, everybody. And this actually Stan Zlotsky sitting in for Keith. Two questions from our end. If you look at the Creative Cloud and the progression of that, the pie chart that you guys put up there from 2017 to 2020, we can see that there is a fairly pronounced shift in ARR from team to individual. And maybe just following up on the question that Jennifer asked earlier, as we move into 2021 and beyond, how should we think about the progression of the shift moving forward? Will we see more continuous

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push from individual? Or are we starting to reach a more normalized equilibrium within those two categories? And then a very quick follow-up.

A - Shantanu Narayen {BIO 3332391 <GO>}

Well, I think what you should see and what you will expect is, first and foremost, the pie expanding. And you know as it relates to the total addressable market, the main thing that you have to think about is this is market expansion. We're growing the value associated with our customers. I think it's steady state at some point in the prior business which may be a predictor, it was closer to 50-50. But you know the thing that again I will reemphasize is that a lot of that is we drive into individual and then convert into the entire offering. And so that's it. And so big picture, I would focus more on the growth of the pie, the exact, you know, mix between those two, we look at both of them and feel like they're growing really well. And I'm happy to answer your second question as well, Stan.

Q - Stan Zlotsky {BIO 19183037 <GO>}

That makes a lot of sense. Thank you. And just digging into the slide rejiggering of your reporting segments, an increase in the Publishing and Advertising segment, what are you seeing behind the scenes in your business? And how should we think about this -- the print and publishing segment, obviously it is a very small part of the overall revenue component, but why create this dedicated segment and pull out the advertising from Experience Cloud? Thank you.

A - Shantanu Narayen {BIO 3332391 <GO>}

Well, what we were trying to do is give you more insight and color into how we were running the different businesses. And I think that's a key part of it. I think the print business, which was as a lot of you know, the genesis of the company, it's a business that continues to do well. But it wasn't a growth category, as much as a high profitability category. We talked about in the Advertising Cloud, getting out of a lot of the transaction based revenue that we were seeing and (Technical Difficulty) investors should take is (Technical Difficulty) pure play what has been reported as part of the Digital Experience segment that there is a clear alignment between what you see on bookings and what you see on revenue.

As you've seen, the consulting services has been proactively driven down as a percentage of the revenue as we have a thriving ecosystem. I think the Advertising Cloud will not be a growth opportunity for us. There are some strategic partners who like the fact that we can continue to deliver it, but I would take that as a signal or we're really focused on the large growth opportunities where we have a differentiated solution, and it's purely subscription based revenue because that's an alignment with how we think about the largest opportunities. And so we are focused as a company on making sure that we do it.

I'm actually really pleased with how we transitioned that and how we communicated to customers. And so you know this focus on the software as a service component of all of our businesses, we believe that that drives topline growth, we believe that that drives margin, and we believe that that's consistent with where we want to be as a company.

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And given that was the last question, I want to again first and foremost thank you all for joining us today in what was this virtual format. I really hope you share the passion that we feel for the mission, the tremendous market opportunity ahead of us, the depth that we have in our technology platforms and really the significant customer value that we're delivering and providing. We really believe that the global brand, the customer base that we have, the ubiquity of our software and the dedicated employees provides a real competitive advantage that frankly is the envy of the industry.

From my perspective of 2020 was an amazing year. We expect the momentum to continue in 2021 and beyond. And I certainly believe that our best years are ahead of us. As a number of you said, let me also wish you all a healthy, safe holiday season, and we really look forward to continuing to share the momentum and the story that we have in the New Year. So thank you for joining us.

And with that, I'll hand it back over to Jonathan.

A - Jonathan Vaas {BIO 21700508 <GO>}

Thanks, Shantanu, and thanks again to everyone on the phone and on the webcast for joining us today. As Shantanu mentioned earlier, I also hope that we will have an opportunity next fall to do this in person again, but we're really pleased that you joined us for the virtual event. Stay safe out there. Happy holidays to everyone. We look forward to seeing you at the Q1 call in March and I'm sure I will be speaking to many of you very soon. This concludes the event.

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