



Figma IPO: Investment Analysis

Evaluating the Design Collaboration Platform's Public Offering

July 2025 | Institutional Investor Presentation

MARKET PROBLEM: FRAGMENTED DESIGN ECOSYSTEM

The design industry has long struggled with fragmented workflows, siloed tools, and inefficient collaboration processes. Design teams face significant challenges with version control, feedback loops, and cross-functional collaboration, leading to wasted time, miscommunication, and delayed product development cycles.

Time Spent in Traditional vs. Optimized Design Workflow

FIGMA'S SOLUTION: UNIFIED DESIGN COLLABORATION

Figma revolutionizes the design process with a browser-based platform that enables real-time collaboration, eliminating version control issues and breaking down silos between designers, developers, and stakeholders. The unified workflow streamlines the entire product development lifecycle from ideation to implementation.



Browser-Based



Real-Time Collaboration



End-to-End Workflow



Performance & Scalability

Impact on Design Process Efficiency

PRODUCT OVERVIEW: COMPREHENSIVE DESIGN PLATFORM

Figma offers a comprehensive suite of products that address the entire design workflow, from ideation and collaboration to implementation. The platform's integrated approach creates a seamless experience across all stages of the product development lifecycle.



Figma Design

UI/UX design & prototyping



FigJam

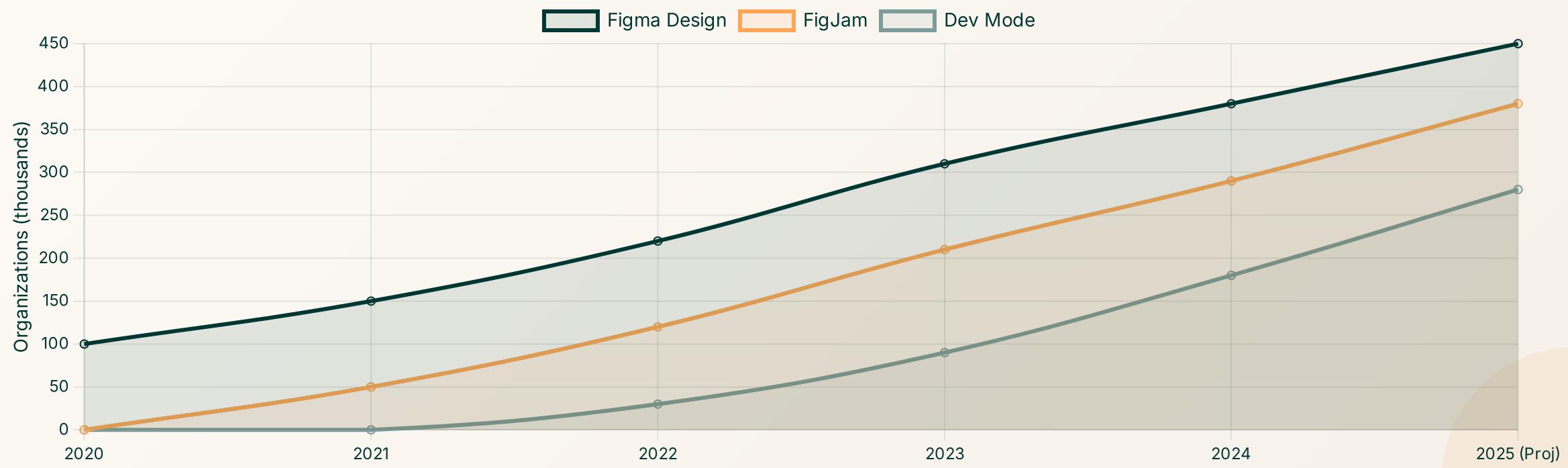
Collaborative whiteboarding



Dev Mode

Developer handoff & integration

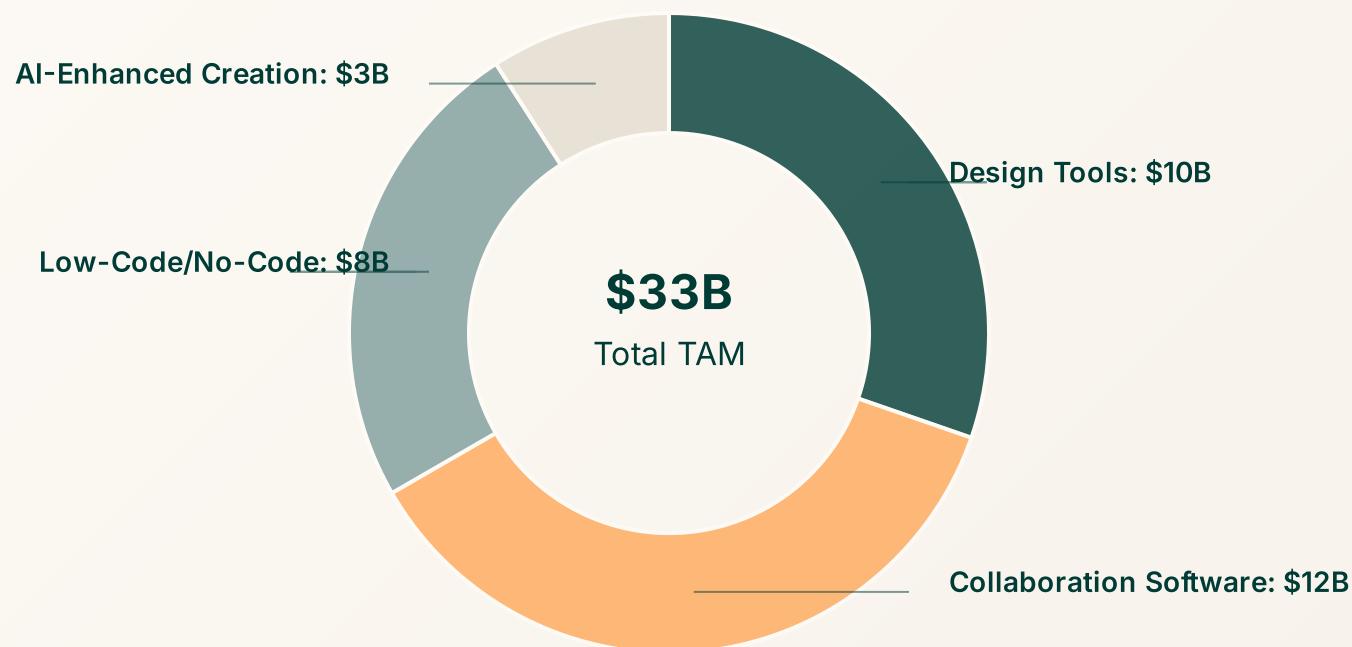
Product Adoption Growth (thousands of organizations)



MARKET OPPORTUNITY: \$33B TAM

Figma's total addressable market extends well beyond traditional design tools, encompassing collaboration software, low-code/no-code platforms, and emerging AI-enhanced creation tools. This expanding ecosystem represents a \$33B opportunity with significant growth potential across multiple segments.

Total Addressable Market by Segment (in billions USD)



78%

of Fortune 2000 companies use Figma

95%

of Fortune 500 companies use Figma

28%

of Fortune 2000 spend >\$100K annually

BUSINESS MODEL: FREEMIUM SaaS SUBSCRIPTION

Figma operates a freemium SaaS subscription model with tiered pricing based on features, team size, and enterprise requirements. This model drives both bottom-up adoption through the free tier and enterprise expansion through premium features and organizational capabilities.

Seat-based licensing

Revenue scales with team size and usage

Tiered pricing

Encourages upgrades as teams grow and needs evolve

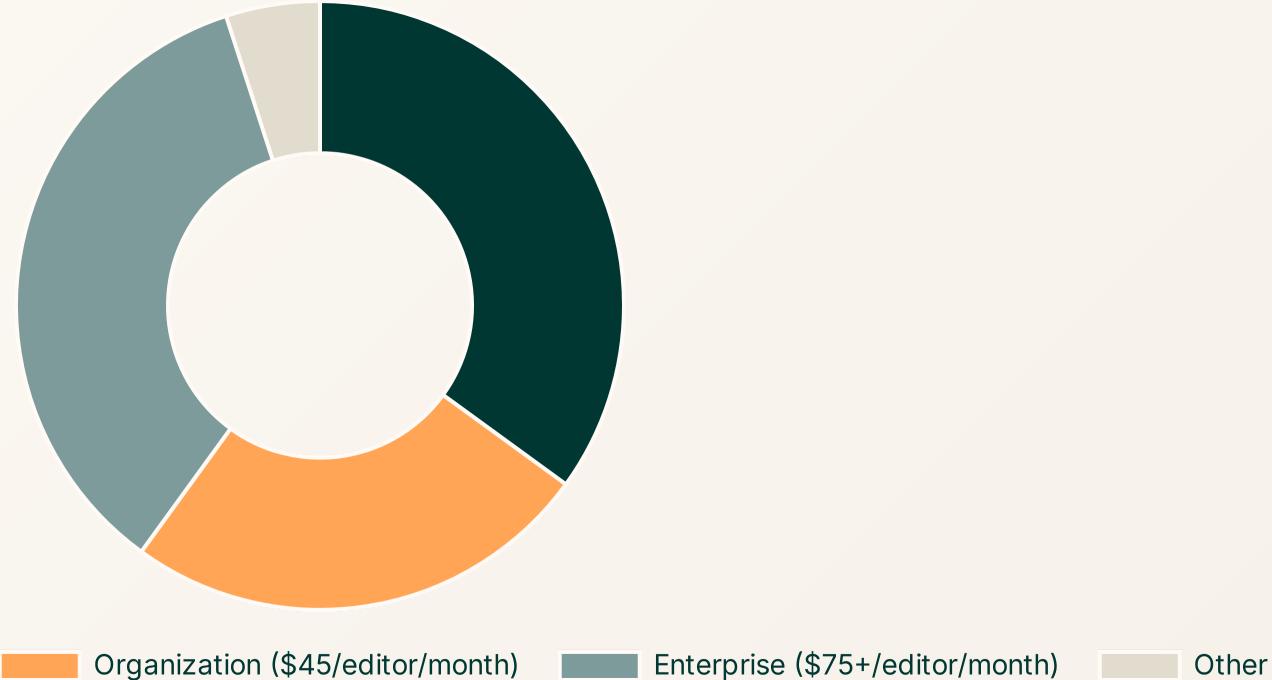
Enterprise expansion

Land-and-expand strategy within organizations

Multi-product adoption

Cross-selling across product suite

Revenue Breakdown by Subscription Tier



REVENUE & USER TRACTION

\$912M

Annual Recurring Revenue

46%

Year-over-Year Growth

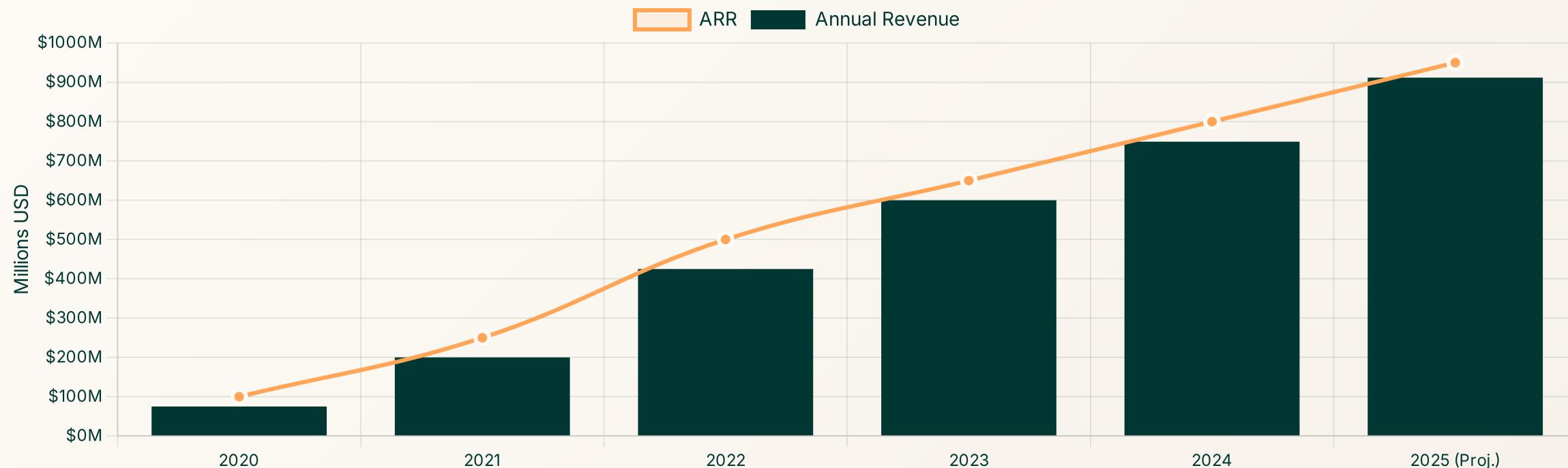
13M+

Monthly Active Users

132%

Net Dollar Retention Rate

Revenue Growth and Projections (in millions USD)



ENTERPRISE ADOPTION

95% of Fortune 500 companies use Figma

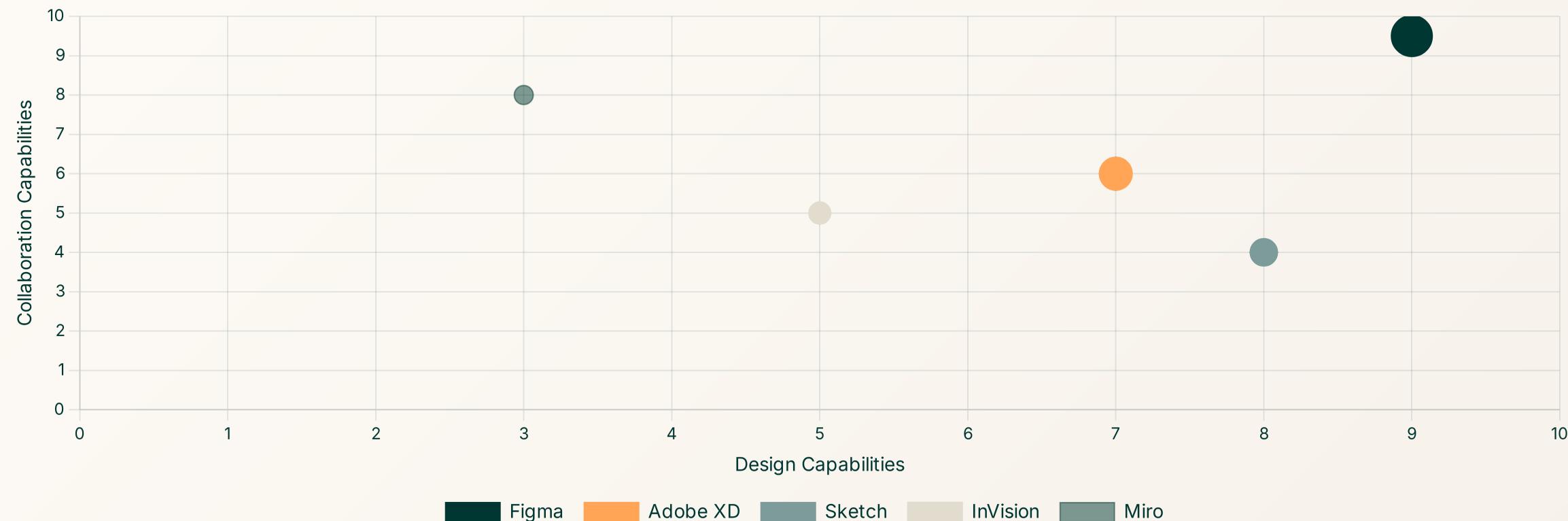
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COMPETITIVE LANDSCAPE

Figma has established a dominant position in the design collaboration space, outperforming competitors through its browser-first architecture, real-time collaboration capabilities, and integrated platform approach. This competitive advantage is reflected in superior user growth and retention metrics.

Competitive Positioning Matrix



Browser-First

No downloads, instant access, and platform-agnostic design experience



Multiplayer by Default

True real-time collaboration with live cursors and simultaneous editing



Unified Platform

Seamless integration across ideation, design, prototyping, and development



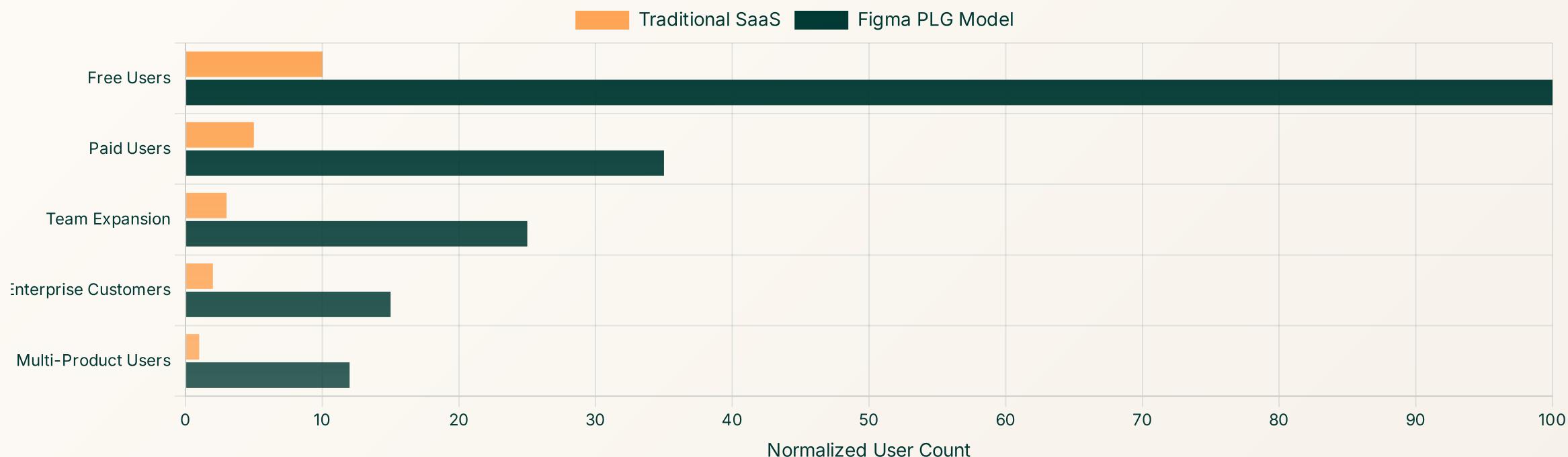
Network Effects

Growing ecosystem with strong community and viral adoption patterns

GO-TO-MARKET STRATEGY

Figma employs a product-led growth strategy that drives viral adoption through its free tier, followed by team expansion and enterprise penetration. This approach has resulted in efficient customer acquisition costs and strong expansion metrics compared to traditional enterprise SaaS companies.

Customer Acquisition & Expansion Funnel



1

Bottom-Up Adoption

Free tier drives viral adoption among designers and developers

2

Team Expansion

Collaboration features drive conversion to paid tiers

3

Enterprise Penetration

Dedicated sales motion targets enterprise accounts

4

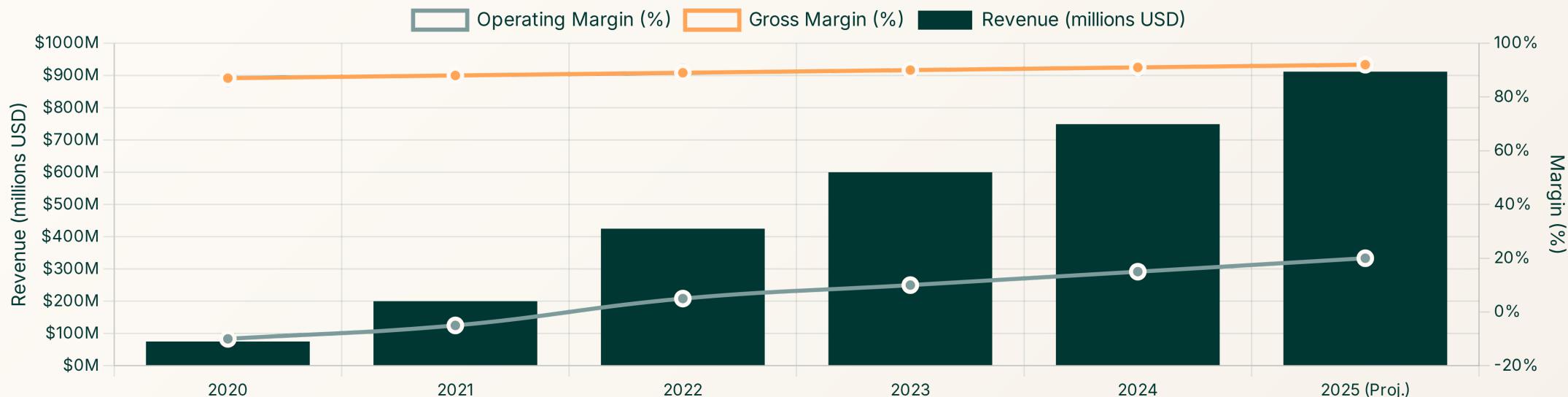
Cross-Product Adoption

Integrated suite encourages adoption across products

FINANCIAL OVERVIEW

Figma demonstrates strong financial performance with consistent revenue growth, improving margins, and efficient capital utilization. The company's unit economics are superior to SaaS peers.

Revenue Growth & Profitability Metrics



EFFICIENCY METRICS

Gross Margin
91%

Operating Margin
15%

GROWTH METRICS

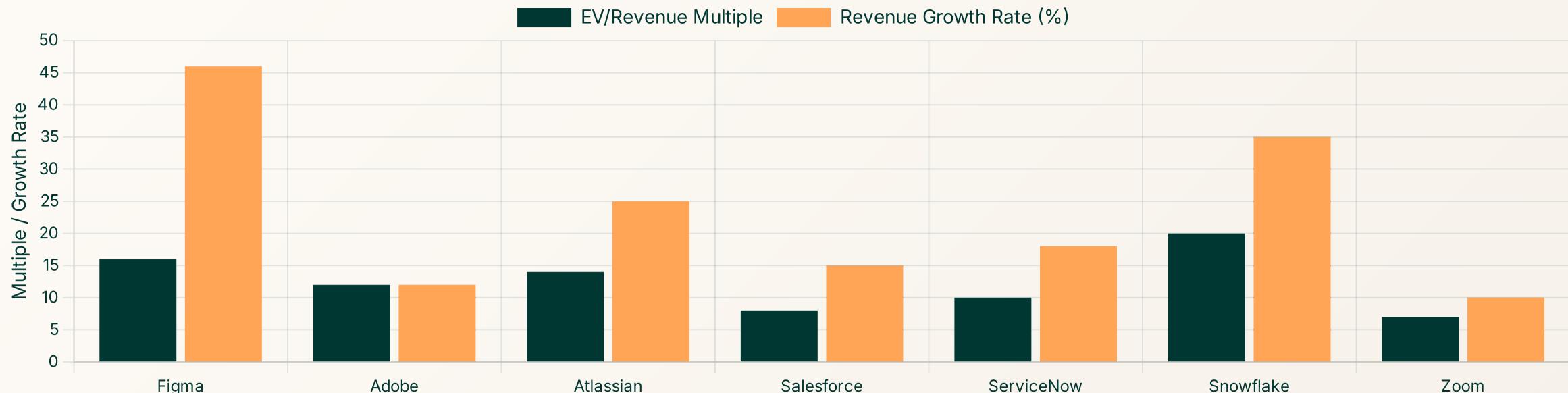
YoY Revenue Growth
46%

Net Dollar Retention
132%

INVESTMENT THESIS

Figma represents a compelling investment opportunity with its category-leading position in the rapidly growing design collaboration market. The company's strong financial profile, demonstrated by 46% YoY growth, 91% gross margins, and improving profitability, positions it favorably against SaaS peers.

Valuation Comparison: Figma vs. SaaS Peers



Market Leadership

Dominant position in design collaboration



Superior Unit Economics

91% gross margins, 132% NDR



Expanding TAM

\$33B addressable market



Defensible Moat

Network effects & switching costs

RISK FACTORS

Competitive Pressure

Adobe's continued investment in XD and Creative Cloud integration, along with emerging competitors like Penpot (open-source alternative), could pressure Figma's market position.

Growth Deceleration

Revenue growth has moderated from 75% to 46% YoY, indicating potential market saturation in core segments.

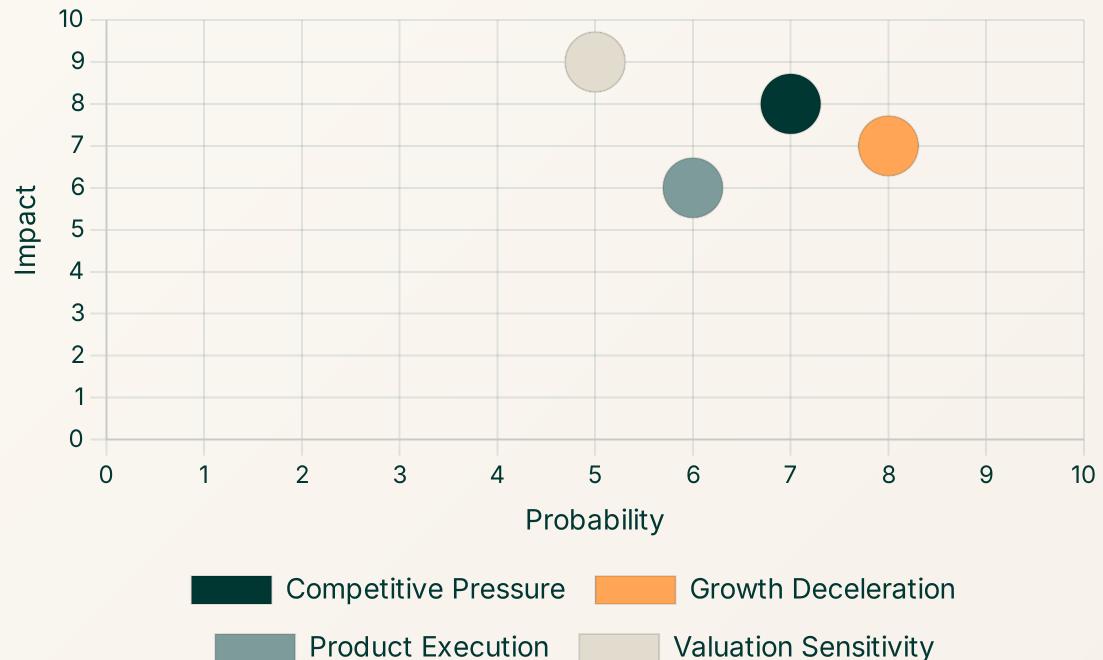
Product Execution

Expanding beyond core design tools into developer workflows and AI-enhanced creation presents execution risk.

Valuation Sensitivity

At 14-18x forward revenue, Figma trades at a premium to many SaaS peers. Any growth disappointment could lead to significant multiple compression.

Risk Assessment Matrix



RECOMMENDATION

Rating: **STRONG BUY**

Price Target: \$32 (15% upside from IPO range midpoint)

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Despite trading at a discount to high-growth SaaS companies, Figma's superior unit economics, expanding TAM, and defensible moat justify a premium valuation over time.

Target: >130%
Net Dollar Retention

Target: >40% YoY
Enterprise Customer Growth



Target: >20% by 2026
Operating Margin

Target: >80% of customers
Multi-Product Adoption