



or



# Adobe Origin and its Core Business



## CREATIVE CLOUD

### CREATIVE CLOUD APPS



ADOBE  
PHOTOSHOP



ADOBE  
LIGHTROOM



ADOBE  
ILLUSTRATOR



ADOBE  
Fresco



ADOBE  
INDESIGN



ADOBE  
STOCK



ADOBE  
XD



ADOBE  
PREMIERE PRO



ADOBE  
PREMIERE RUSH



ADOBE  
AFTER EFFECTS



ADOBE  
DIMENSION



ADOBE  
FONTS



ADOBE  
BEHANCE



ADOBE  
SPARK



ADOBE  
SUBSTANCE



ADOBE  
AERO



## DOCUMENT CLOUD

### ACROBAT & MORE



ADOBE  
ACROBAT



ADOBE  
SIGN



ADOBE  
SCAN

## SERVICES AND SUPPORT

### CONSULTING SERVICES

### CUSTOMER ACCOUNT MANAGEMENT

### TECHNICAL SUPPORT

### DIGITAL LEARNING SERVICES



## EXPERIENCE CLOUD

### DATA AND INSIGHTS



ADOBE  
ANALYTICS



ADOBE  
AUDIENCE MANAGER

### CONTENT AND COMMERCE



ADOBE  
EXPERIENCE MANAGER



ADOBE  
TARGET



MAGENTO  
COMMERCE

### CUSTOMER JOURNEY MANAGEMENT



ADOBE  
CAMPAIGN

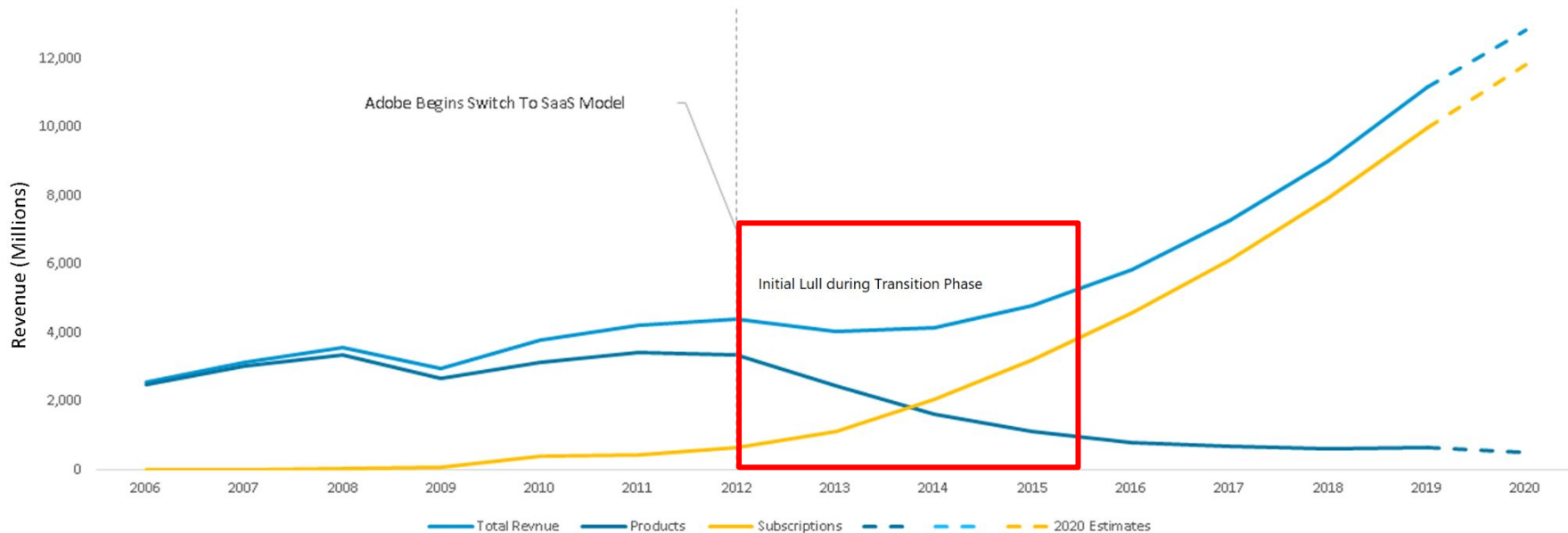


MARKETO  
ENGAGE

# From Product to SAAS- A milestone into digital business

## Adobe Subscription Vs Product Revenue

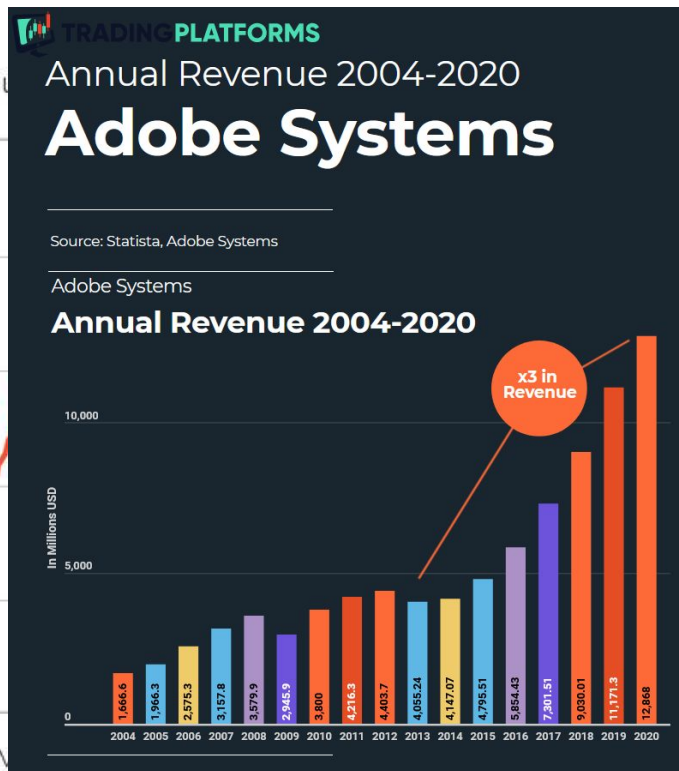
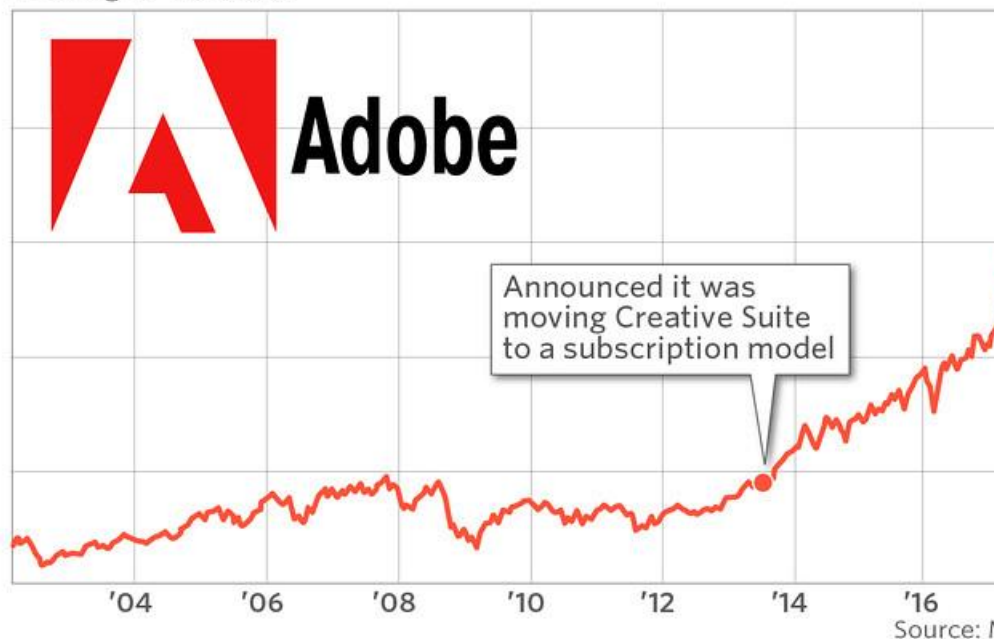
Since the 2012 release of Creative Cloud Adobe saw a once stagnant revenue stream grow over 150%



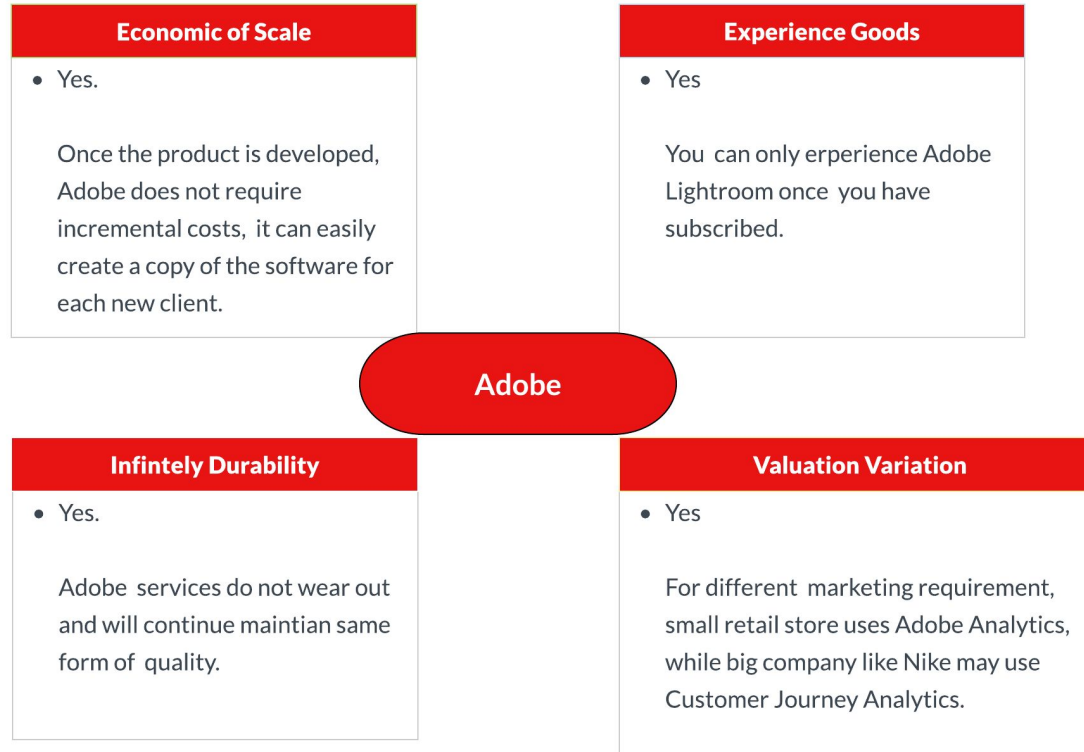
# The Unusual Evolution

## Adobe's winning strategy

Shares are up 370% since the company decided to move its Creative Suite offering to the cloud



# Adobe = Information Goods ?





# What is IPR? Why Adobe needs IPR?

- Legal protection for creative and innovative work
- Copyrights, Patents, Trademarks, Design Rights and Copyright for creative assets

Why?

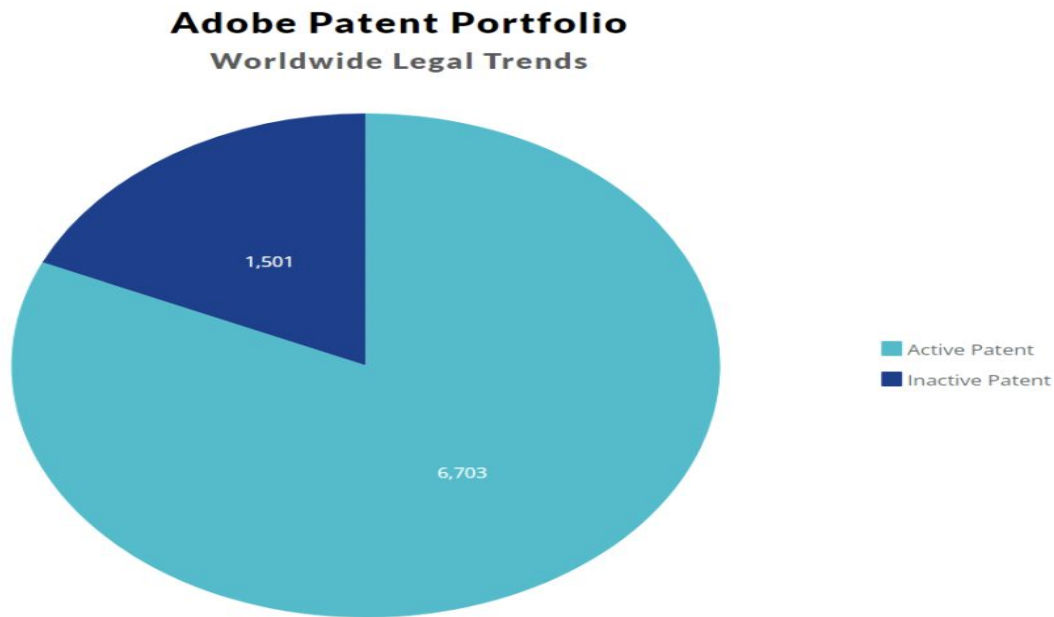
Adobe's continued innovation, brand value, and competitive market position depends significantly on having strong intellectual property protections over its various software, technologies and creative assets.

Trademark		Patents	Copyright
Adobe Logo		Background removal technology	Source Code
Adobe Creative Cloud Logo		Content-aware fill technology	User Interface

# Intellectual Property Rights owned by Adobe

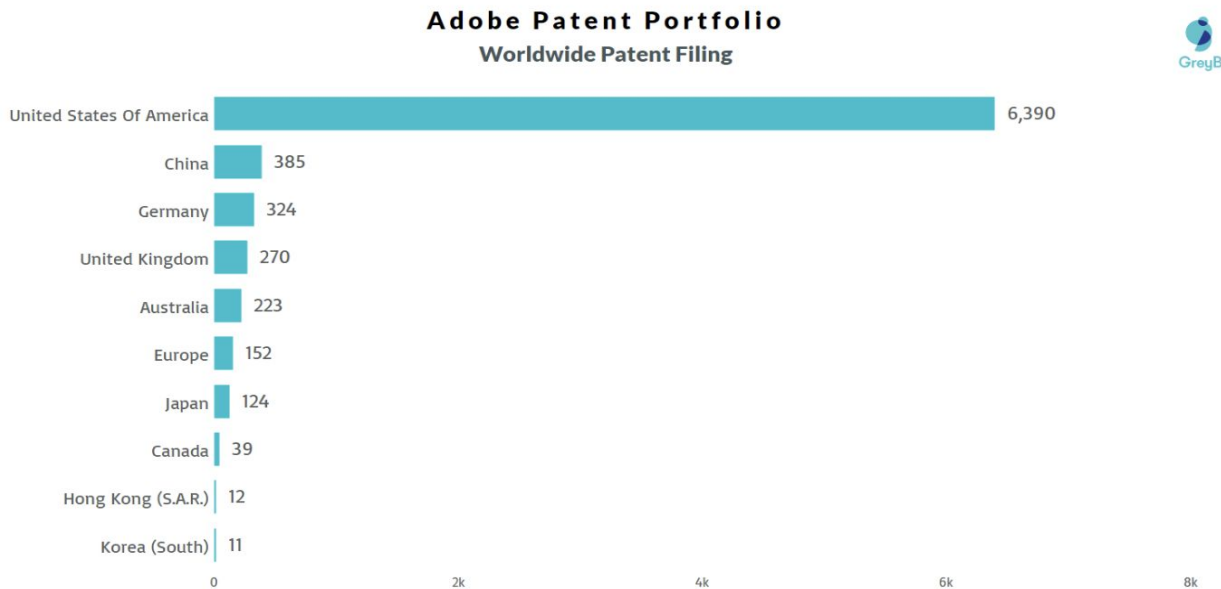
## PATENTS (2002-2022)

### Worldwide Patents



# Intellectual Property Rights owned by Adobe

## Number of patents adobe filed in different countries

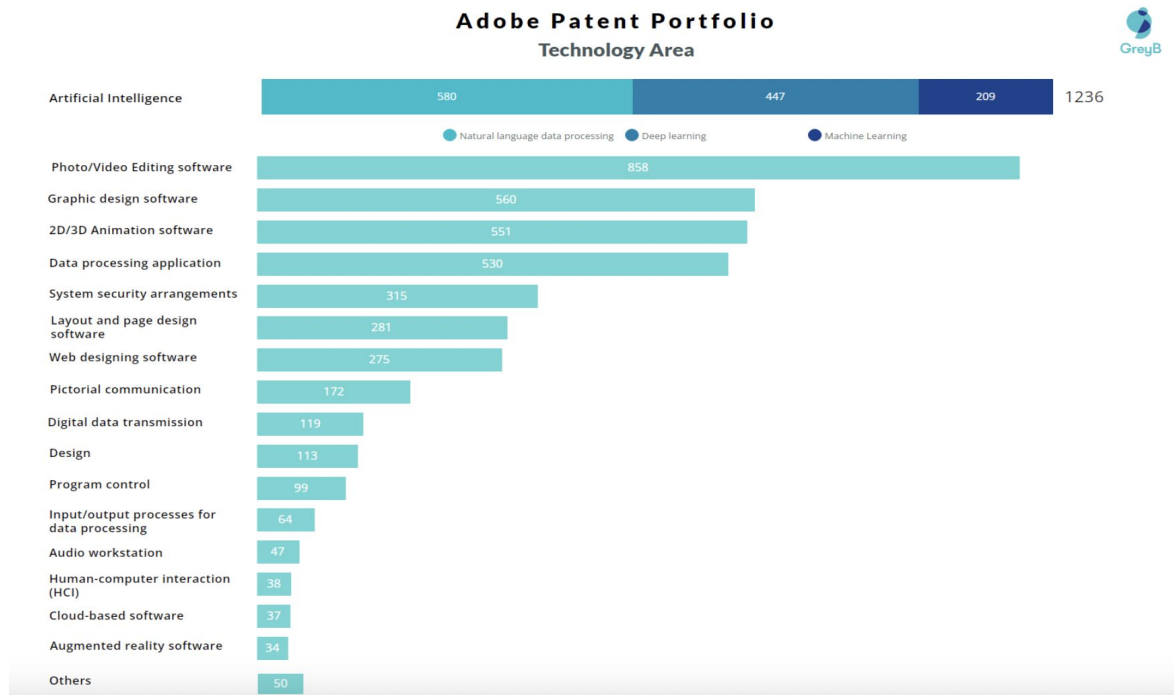


Note: The patent count is calculated by considering all patents in the portfolio, Data Range Based on Publication Year (2002 - 2022).



# Intellectual Property Rights owned by Adobe

## Technologies covered by Adobe Patents



# Private Good or Public Good?

- Adobe softwares are considered private goods

Excludability	Rivalry
No unauthorised use or distribution of the software	One at a time

# Pricing Strategy

## Versioning

	Best Value			
	<b>Acrobat Pro</b>  US\$19.99/mo All-in-one PDF & e-signature solution with secure, advanced tools.  <a href="#">Free trial</a>	<b>Acrobat Standard</b>  US\$12.99/mo Simple PDF tool to easily edit and convert documents.  <a href="#">Buy now</a>	<b>Acrobat Reader</b>  Free The free global standard to reliably view, print, and share PDFs.  <a href="#">Download now</a>	<b>Acrobat for business</b> Starting at US\$23.99/mo Complete PDF & e-signature solution designed for organizations and teams.  <a href="#">View plans</a>
Top features				
View, print, share, and comment	✓	✓	✓	✓
Edit text and images in a PDF	✓	✓		✓
Create, fill out, sign, and send forms easily	✓	✓		✓
Collect signatures ⓘ	✓	✓		✓
Send bulk e-signature requests	✓			✓
Admin tools to manage teams				✓
Industry-specific compliance ⓘ				Available with <a href="#">Acrobat Sign solutions</a>

# Pricing Strategy

## Segment-Based Pricing (Third-Degree Price Discrimination)

**SAVE 60%**  
Includes Acrobat Pro

### Creative Cloud All Apps for Students & Teachers

## US\$19.99/mo\*

Regular Price ~~US\$54.99/mo~~

Students and Teachers get Acrobat Pro — as well 20+ apps including Photoshop, Illustrator, Premiere Pro, and InDesign (a \$600 value). Requires annual commitment. For Windows and Mac. Pay US\$19.99 /mo the first year and US\$29.99/mo after that.\* [See what's included](#)

☒ Annual, paid monthly

☐ Annual, prepaid


Secure transaction

[Buy now](#)

[Free trial](#)

# Pricing Strategy

## Bundling




Best value


**Creative Cloud All Apps**


**US\$84.99/mo**  
*per license*


Get 20+ Creative Cloud apps including Photoshop, Illustrator, Adobe Express, Premiere Pro, and Acrobat Pro. (Substance 3D apps are not included.)  
[See details](#)


Includes

 Acrobat Pro

 Photoshop

 Adobe Premiere Pro

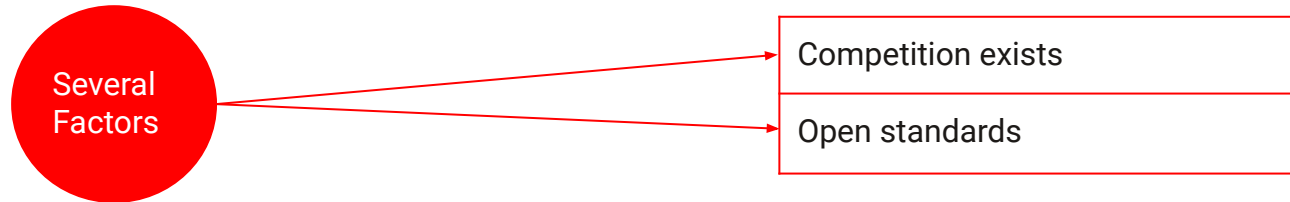
 Illustrator

 InDesign

+ Add

# Monopoly?

- A monopoly occurs when a single company or entity has exclusive control or a substantial degree of market power in a particular industry or market.



# One-sided network effects - Adobe Creative Cloud



The Adobe Creative Cloud is used by creative professionals and includes a wide range of products such as Photoshop, Illustrator, Premiere Pro, After Effects, InDesign, and Acrobat.

## One-Sided Network Effect:

- Driven by creative professionals using Adobe tools.
- More users lead to a richer ecosystem of plugins, tutorials, and resources.
- Strong user community and ecosystem lock-in reinforce Adobe's dominance.

## Lock-In and User Engagement:

- Adobe's ecosystem keeps users engaged.
- Accumulated resources and community connections deter switching.
- Adobe's one-sided network effect solidifies its industry leadership.

# Two-sided network effects - Adobe Stock

Adobe Stock is a service that provides designers and businesses with access to millions of high-quality curated and royalty-free photos, videos, illustrations, vector graphics, 3D assets, and templates for all their creative projects.

**Content Creators:** Photographers, illustrators, and videographers contribute content for sale.

**Content Consumers:** Designers, marketers, and businesses use stock assets, driving a growing library and positive feedback loop.



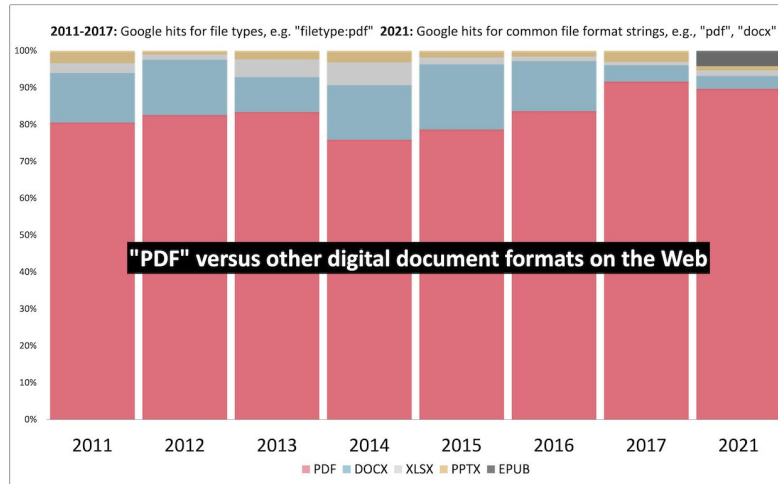
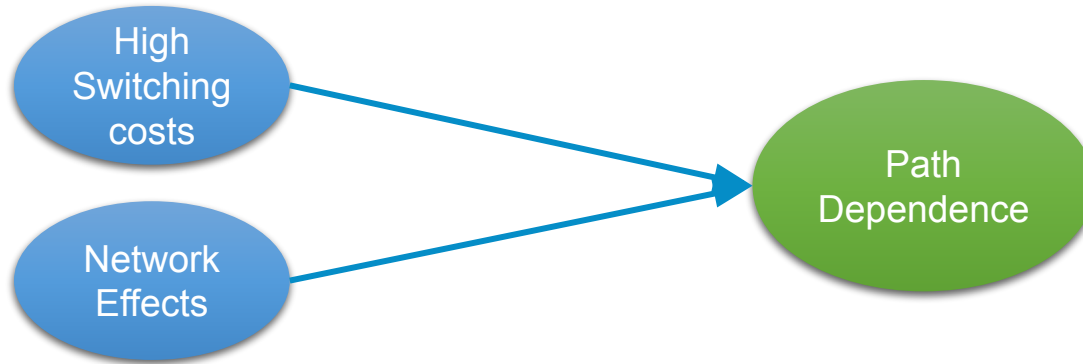


# Two-sided network effects - Adobe Experience Cloud



- **Marketers and Businesses:** Adobe Experience Cloud offers marketing and analytics tools.
- **Customers and Users:** Users benefit from personalized online experiences. As businesses implement these tools, they aim to attract and retain more customers, creating cross-sided network effects.

# Path Dependence: Long term success of PDF and Acrobat Reader



<https://pdfa.org/pdfs-popularity-online/>



# Switching Cost: What Adobe Firefly's success illustrates

**Switching Cost:** the expenses, efforts, and difficulties that customers face when they consider switching from one product or service to another.

Product	Company	First Introduced	Image Generated
DALL-E 2	OpenAI	April 2022	916 million
Midjourney	Midjourney	July 2022	964 million
Adobe Firefly	Adobe	March 2023	1 billion

AI Generation Image Statistics by August 2023



# Adobe: Winner Take All OR Winner Take Most?

Select the Relationship:		Select the Category:		
Competition ▼		Market Share ▼		
COMPANY NAME	REVENUES	MARKET SHARE	REVENUES	MARKET SHARE
	12 Months Ending	12 Months	MRQ	MRQ
	Q3 2023	Q3 2023	Q3 2023	Q3 2023
Adobe Inc	18,886.00	1.21%	4,890.00	1.30 %
Verisign Inc	1,462.50	0.09%	372.00	0.10%
Apple Inc	383,933.00	24.60%	81,797.00	21.67%
Sai tech Global Corporation	10.64	0.00%	10.64	0.00%
Akamai Technologies Inc	3,661.09	0.24%	935.72	0.25%
Salesforce Inc	28,211.00	1.81%	8,603.00	2.28%
International Business Machines Corporation	60,525.00	3.89%	15,475.00	4.10%
Microsoft Corporation	211,915.00	13.63%	56,189.00	14.89%
Qualcomm Inc	38,584.00	2.48%	8,451.00	2.24%
Hp inc	54,665.00	3.52%	13,196.00	3.50%
Intuit Inc	14,368.00	0.92%	2,712.00	0.72%
NortonLifeLock Inc	2,796.00	0.18%	716.00	0.19%

Adobe holds a substantial market share and a dominant position, however there are still viable competitors in the market like Apple, Salesforce, Microsoft, Qualcomm and HP.

Users may choose these alternatives based on their specific needs and preferences, giving the conclusion that Adobe's influence is strong, but not a monopoly, making it a **'Winner-Take-Most'** brand.

# Adobe: Winner Take All OR Winner Take Most?

Income Statement ▼

Annual ▼

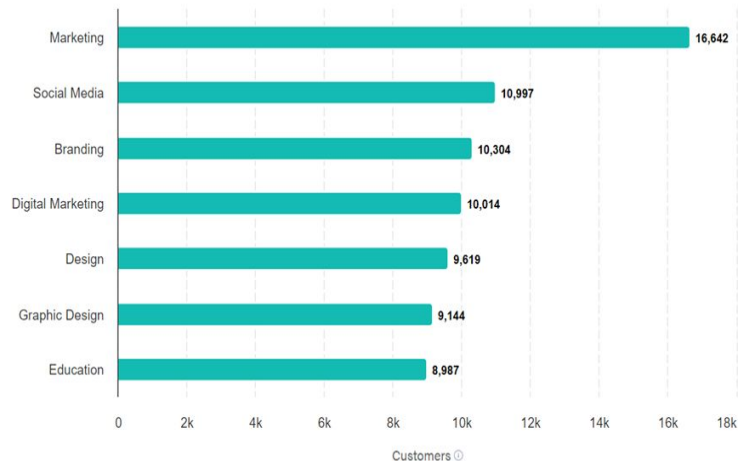
2022 ▼

New: [More ADBE's historic Annual Income Statements >>](#)

INCOME STATEMENT	(Dec 02 2022)	(Dec 03 2021)	(Nov 27 2020)	(Nov 29 2019)	(Nov 30 2018)
(Annual GAAP in millions \$)	2022	2021	2020	2019	2018
Subscription and Circulation Revenue	-	-	-	9,994.46	7,922.15
Product revenue	-	-	-	647.79	622.15
Services and support revenue	-	-	-	529.05	485.70
Subscription Revenues	16,388.00	14,573.00	11,626.00	-	-
Product Revenue	532.00	555.00	507.00	-	-
Services And Other Revenue	686.00	657.00	735.00	-	-
<b>TOTAL REVENUE</b>	<b>17,606.00</b>	<b>15,785.00</b>	<b>12,868.00</b>	<b>11,171.30</b>	<b>9,030.01</b>
Cost of Revenue	2,165.00	1,865.00	1,722.00	1,672.72	1,195.00
<b>GROSS PROFIT</b>	<b>15,441.00</b>	<b>13,920.00</b>	<b>11,146.00</b>	<b>9,498.58</b>	<b>7,835.01</b>

## Adobe Customers by Industry

The three top industries that use Adobe for Application Development are Marketing (16,642), Social Media (10,997), Branding (10,304).



# Adobe: Proprietary OR Shared Platform?

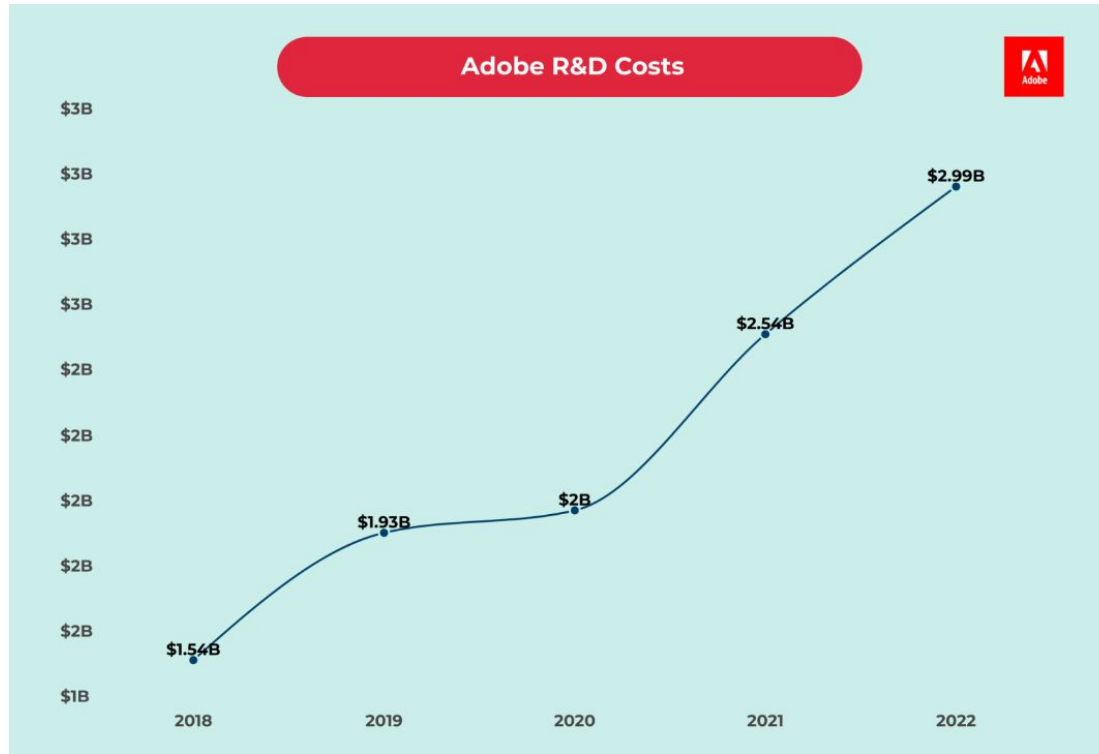
- Closed Source Software
  - As applications are developed and owned by Adobe Inc only.
  - It retains full control over the codebase and decides how the product is distributed, used and updated.
- Control Over Development
  - Allows them to maintain a consistent user experience and quality standard across their product lineup.
  - They can make decisions about features, updates, and security without external influence.
- Protection Of Intellectual Property
  - This safeguards their competitive advantage and ensures that others cannot easily replicate their software.
  - It holds patents on innovative technologies within its software products.
- Limited Customization
  - Adobe protects its IP, including the core algorithms and design elements that make its software unique.
  - Allowing unlimited customization could expose these proprietary technologies and reduce Adobe's competitive advantage.

# Adobe: Fast facts

- Adobe Stock offers 345+ million assets:
  - 200M+ photos
  - 115M+ vectors and illustrations
  - 26M+ videos
  - 73,000+ music tracks
  - 3.3M+ Premium assets
  - 900,000+ free photos, vectors, videos, templates, illustrations, and 3D assets.
- 400+ billion PDFs opened in Adobe products in the last year.
- 8+ billion electronic signatures processed through Adobe Document Cloud last year.
  - Majority of Fortune 100 companies rely on Adobe Sign for e-signatures.
- Adobe named a leader in 40+ analyst reports across various categories.
- Adobe Analytics:
  - Analyzes 1 trillion+ visits to U.S. retail websites.
  - Covers 100M+ product SKUs in 18 categories.
  - Trusted by 85%+ of top 100 U.S. retailers for e-commerce insights.
- Adobe Scan: 150M+ downloads and 2.5B+ documents created.
- Behance, Adobe's creative community, has 30+ million members worldwide.
  - Used for inspiration, showcasing work, and hiring.

# Adobe: Competitive Strategies

- Continuous Innovation
  - Adobe invests heavily in R&D, delivering regular updates and new features to keep its products cutting-edge.

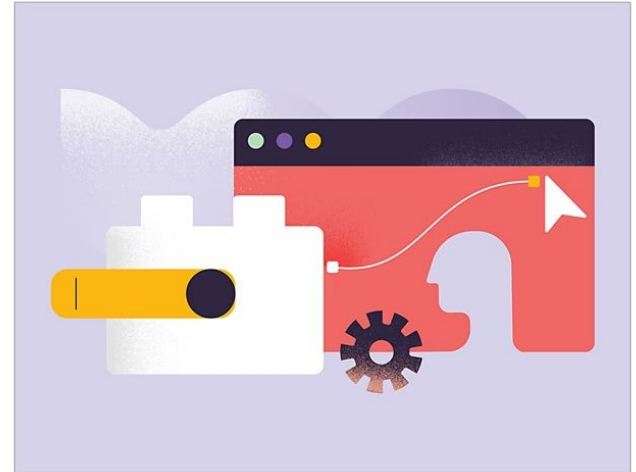


For 2023 till Aug 31st is \$3.357B, 16.93% increase.



# Adobe: Competitive Strategies

- **Compatibility and Integration and Collaborative Ecosystem**
  - Designed for seamless compatibility
  - Interoperability
  - Shared File Formats - PSD and PDF
  - Creative Cloud Integration-
  - Third-Party Integrations
- **Customer-Centric Approach**
  - Listen To customer feedback.
  - User Feedback channels - User Forums, Customer support etc.
  - Active User Communities.
  - Customization and Flexibility
  - Training Resources



# Adobe: Overcoming Challenges and Facilitating Creativity

- The "Penguin Problem"
  - Adobe Creative Cloud platform -
    - Built a strong interconnected user base.
    - Provided a unified ecosystem for creative professionals - Easier for users to work, share files, and collaborate seamlessly across Adobe's suite.
- Racing to Acquire Users
  - Aggressive marketing and pricing strategies to attract users.
    - Example, Limited-time discounts and promotions to encourage users to subscribe to Creative Cloud.
- Permanent Subsidies
  - Offered permanent subsidies to educators and students - Provide substantial discounts to educational institutions and students.
- Exclusivity and Vertical Integration
  - Forming strategic partnerships and acquisitions.
    - Example - Adobe has partnered with major organizations, such as Microsoft and Apple, to integrate its software with their platforms and services.
    - Adobe has also acquired companies like Magento and Marketo to expand its offerings and create a more integrated ecosystem for marketers.

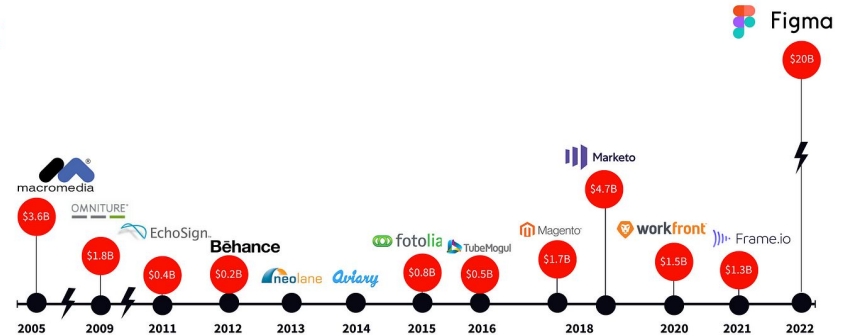


# Adobe: Platform Envelopment

- Build a Bigger Bundle:
  - Adobe Creative Cloud, Adobe's flagship product - 20 creative applications all within a single subscription. Provides substantial value to subscribers.
  - Integration of Adobe Stock with the Creative Cloud ecosystem - Offers over 345 million assets, like high-quality stock photos, illustrations, and videos directly within Adobe's creative software.
- Redeploy:
  - Acquisition of Macromedia in 2005 - Integration of Macromedia's technologies, such as Flash, into Adobe's suite of software.
  - Magento and Marketo
- Legal Recourse:
  - Takes Piracy Seriously.

## Adobe Acquisitions

A timeline of notable Adobe acquisitions over the past 15 years



⚡ not to scale  
\* Billion dollars amounts

Timeline infographic created with VENNGAGE

# References

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