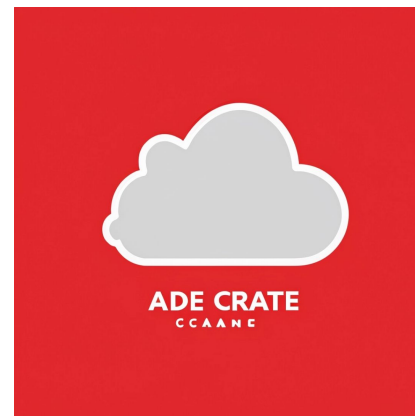




or



Adobe Origin and Core Business



CREATIVE CLOUD

CREATIVE CLOUD APPS



DOCUMENT CLOUD

ACROBAT & MORE



EXPERIENCE CLOUD

DATA AND INSIGHTS



CONTENT AND COMMERCE



CUSTOMER JOURNEY MANAGEMENT



SERVICES AND SUPPORT

CONSULTING SERVICES

CUSTOMER ACCOUNT MANAGEMENT

TECHNICAL SUPPORT

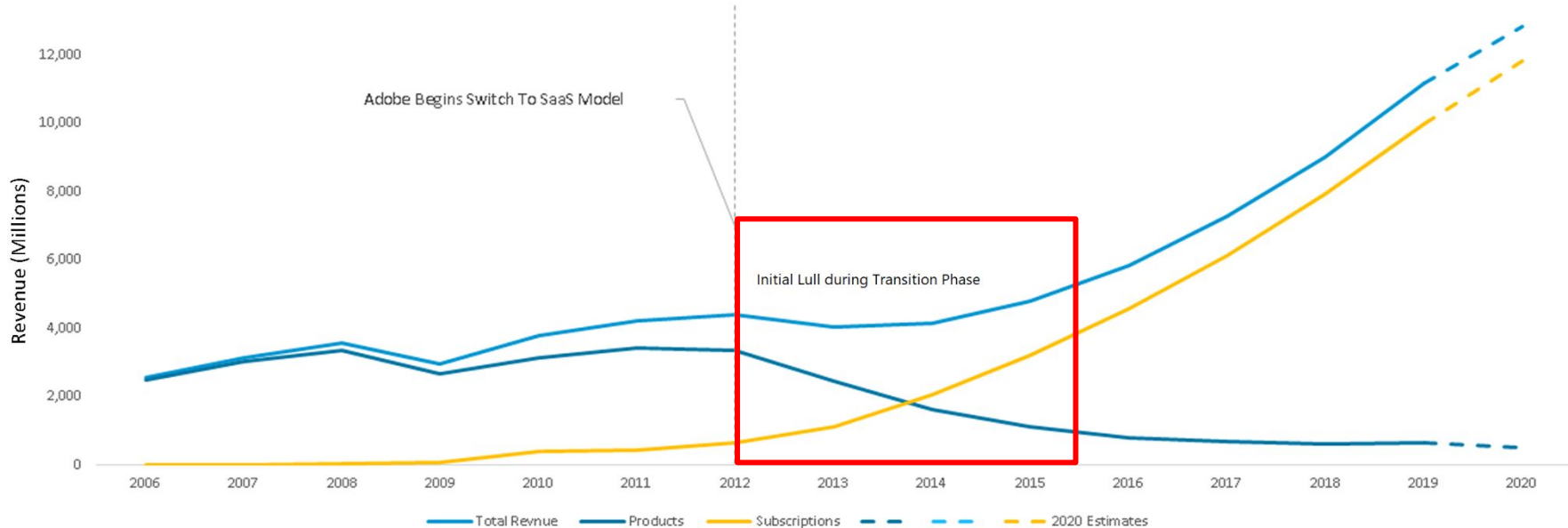
DIGITAL LEARNING SERVICES



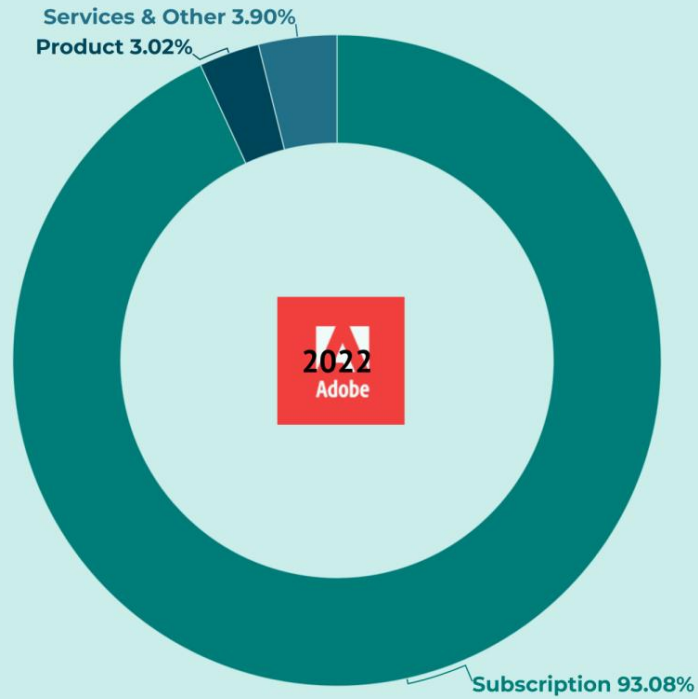
From Product to SAAS- A milestone into digital business

Adobe Subscription Vs Product Revenue

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



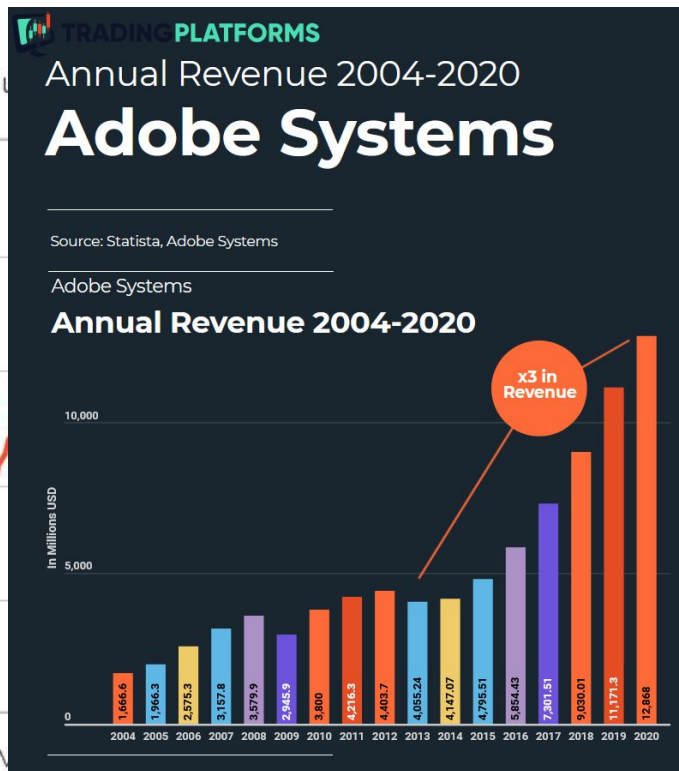
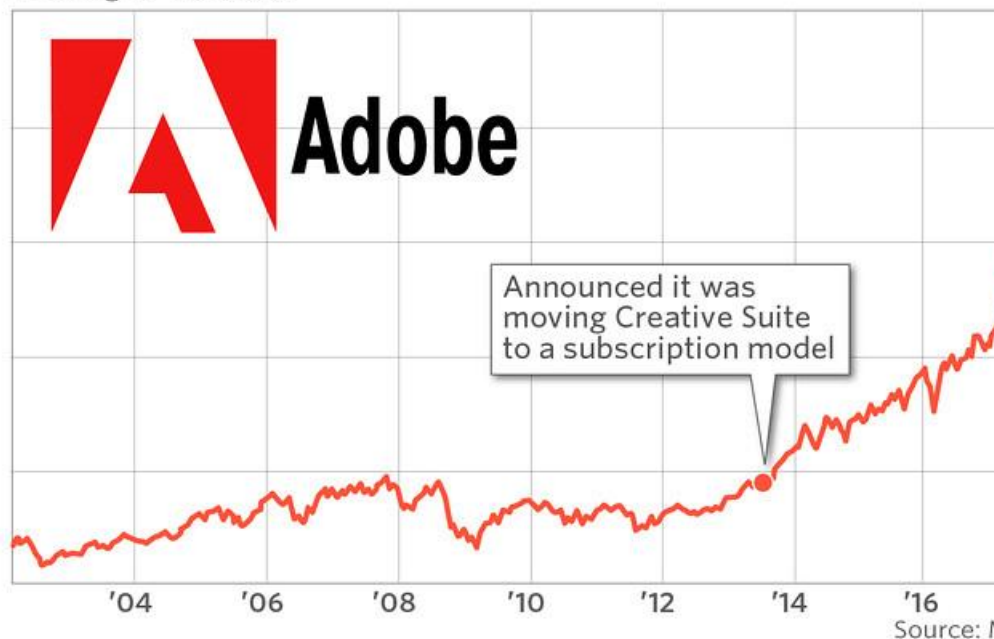
Adobe Revenue Breakdown



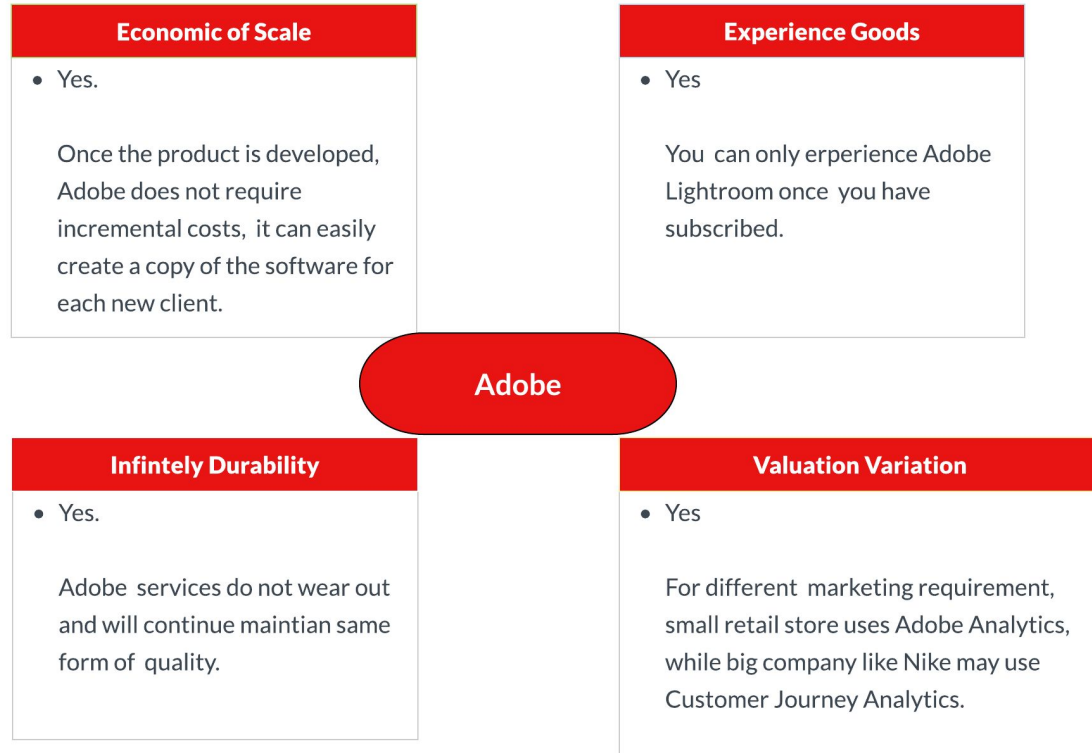
The Crazy Evaluation

Adobe's winning strategy

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



Adobe = Information Goods ?



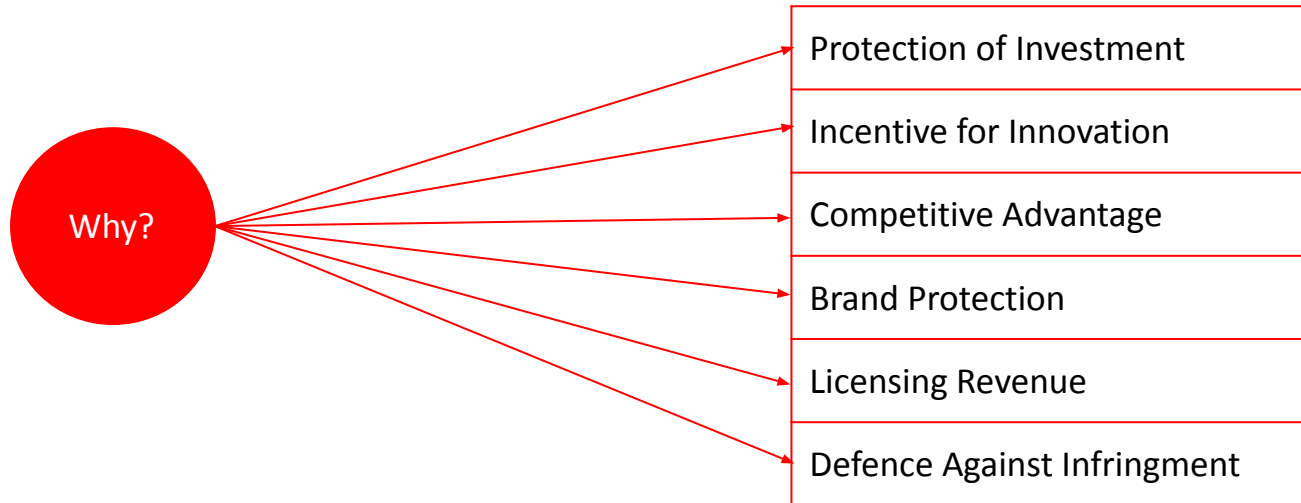
Private Good or Public Good?

- Adobe softwares are considered private goods

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

What is IPR? Why Adobe needs IPR?

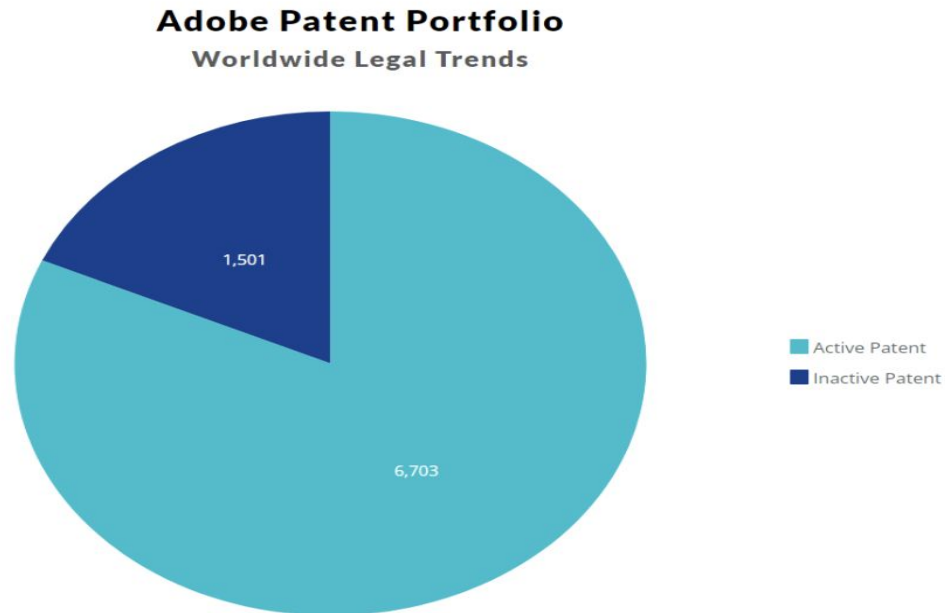
- Legal protection for creative and innovative work
- Copyrights, Patents, Trademarks, Trade Secrets, Design Rights, Copyright for creative assets



Intellectual Property Rights owned by Adobe

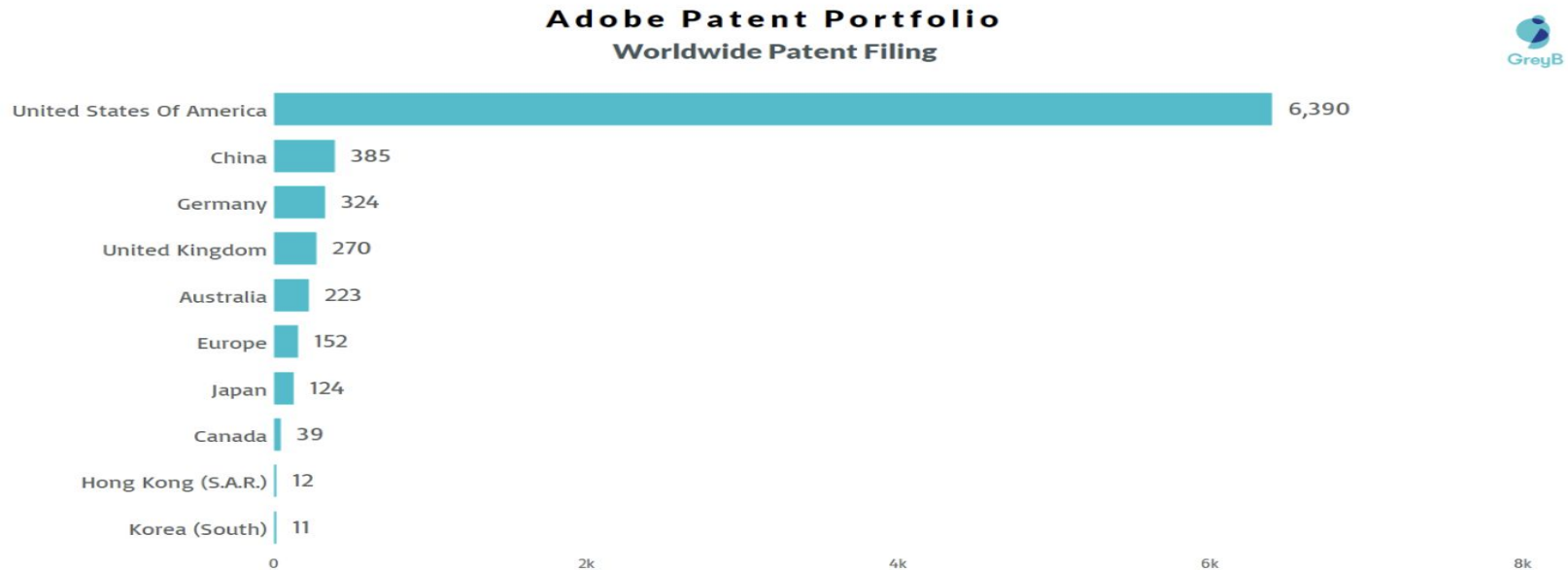
PATENTS (2002-2022)

Worldwide Patents



Intellectual Property Rights owned by Adobe

Number of patents adobe filed in different countries

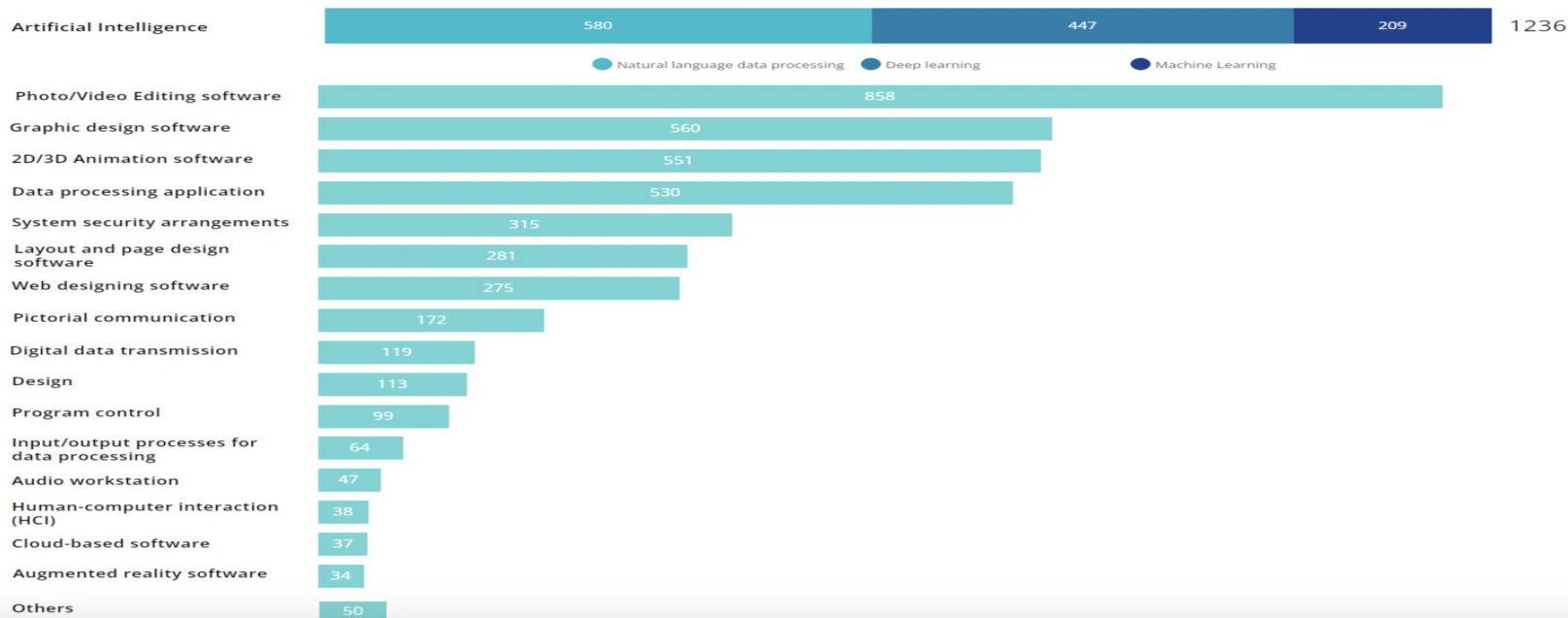


Note: The patent count is calculated by considering all patents in the portfolio, Data Range Based on Publication Year (2002 - 2022).

Intellectual Property Rights owned by Adobe

Technologies covered by Adobe Patents

Adobe Patent Portfolio
Technology Area



Price Discrimination

- Charging different prices to different groups of customers based on various factors.



First Degree

contribute to a relatively
smaller portion of Adobe's
overall revenue

Second Degree

substantial portion of
Adobe's overall revenue.

Third Degree

substantial portion of
Adobe's overall revenue.

Pricing Strategy

Versioning

	Best Value			
	Acrobat Pro US\$19.99/mo All-in-one PDF & e-signature solution with secure, advanced tools. Free trial	Acrobat Standard US\$12.99/mo Simple PDF tool to easily edit and convert documents. Buy now	Acrobat Reader Free The free global standard to reliably view, print, and share PDFs. Download now	Acrobat for business Starting at US\$23.99/mo Complete PDF & e-signature solution designed for organizations and teams. View plans
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 Acrobat Sign solutions

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

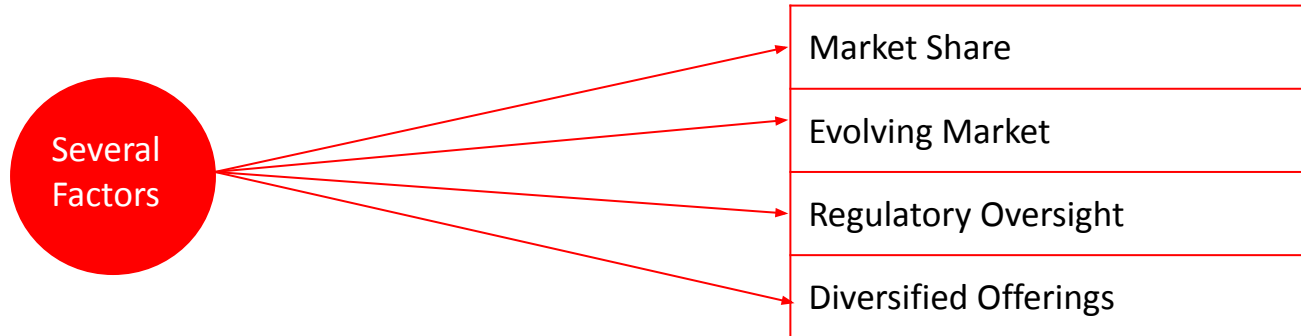


InDesign

+ 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.

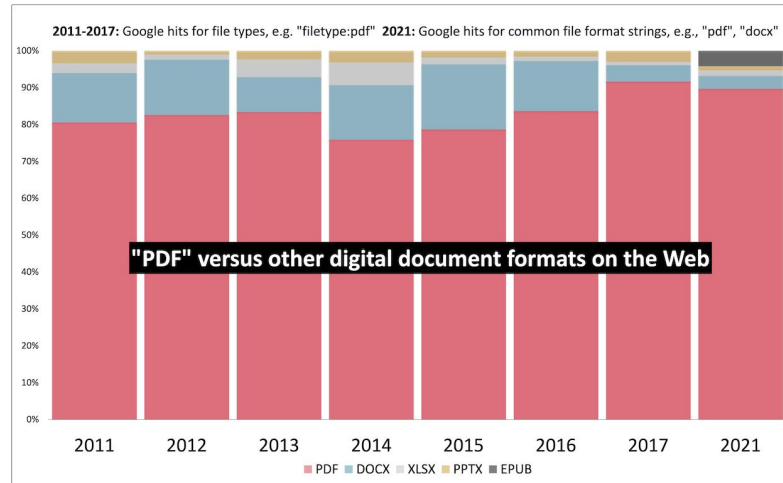
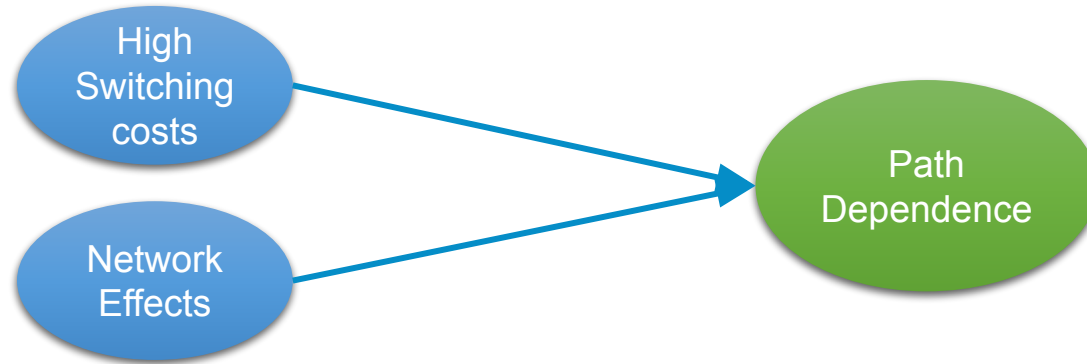


Two-sided network effects - Adobe Experience Cloud



- **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 ▼

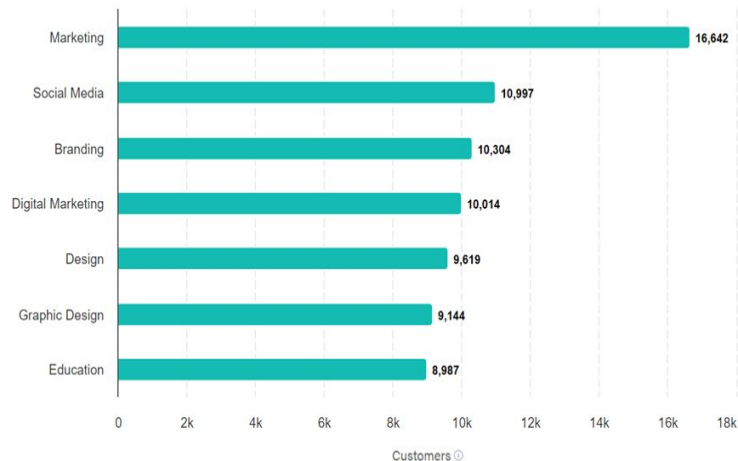
2022 ▼

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	-	-
TOTAL REVENUE	17,606.00	15,785.00	12,868.00	11,171.30	9,030.01
Cost of Revenue	2,165.00	1,865.00	1,722.00	1,672.72	1,195.00
GROSS PROFIT	15,441.00	13,920.00	11,146.00	9,498.58	7,835.01

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.

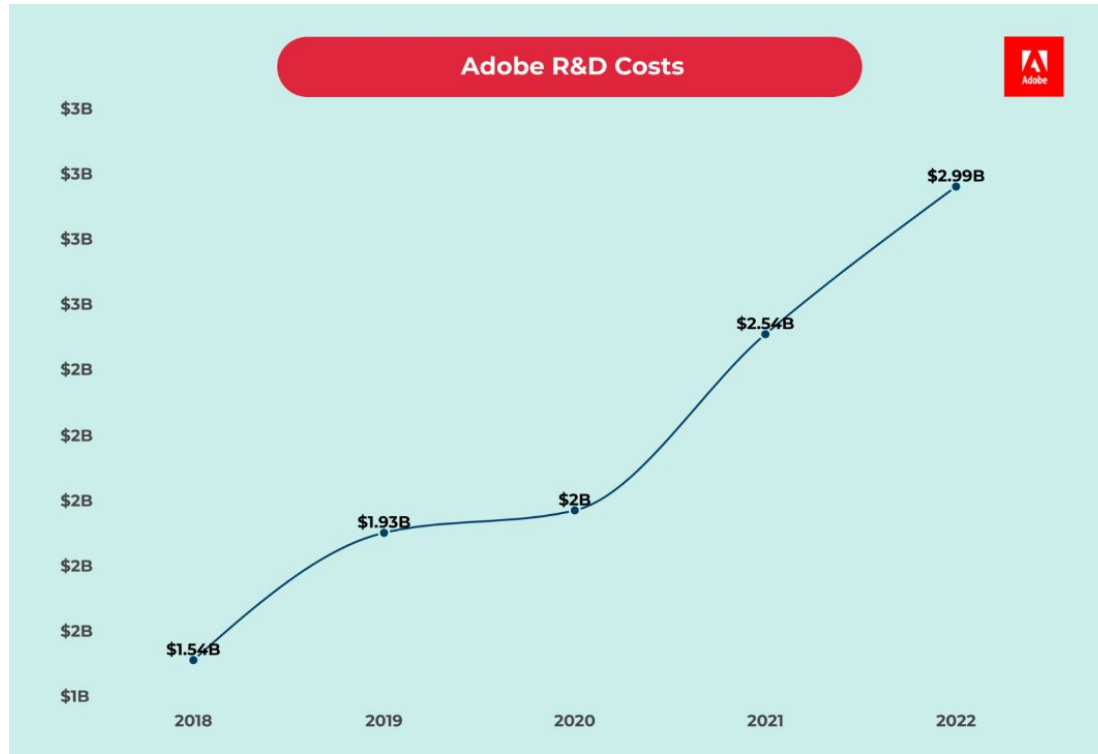
Adobe: Multi Homing and switching cost

Switching High

Multihoming depends ?

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
 - Adobe products are designed for seamless compatibility, making it easy for users to work across various applications.
 - Interoperability - This means that users can easily open and edit files created in one Adobe application within another.
 - Shared File Formats - PSD and PDF are widely recognized and compatible with other software. This ensures that Adobe users can share their work with clients, colleagues, or collaborators using different software without compatibility issues.
 - Creative Cloud Integration- It allows users to access their work, assets, and settings across various devices and applications, facilitating a seamless workflow.
 - Third-Party Integrations - Adobe actively collaborates with third-party software and hardware providers to ensure compatibility. This includes integrations with services like Adobe Stock, Typekit (now Adobe Fonts), and plugins created by third-party developers.
- Customer-Centric Approach
 - Adobe listens to customer feedback, adapting its software to meet evolving user needs.
 - 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 has addressed the "penguin problem" by building a strong interconnected user base through its Adobe Creative Cloud platform. Creative Cloud provides a unified ecosystem for creative professionals, making it easier for users to collaborate, share files, and work seamlessly across Adobe's suite of creative applications.
- Racing to Acquire Users
 - Adobe has employed aggressive marketing and pricing strategies to attract users. For example, Adobe has offered limited-time discounts and promotions to encourage users to subscribe to Creative Cloud. Additionally, Adobe has targeted specific user segments with tailored marketing campaigns to expand its user base.
- Permanent Subsidies
 - Adobe has offered permanent subsidies to educators and students, making its software more accessible and affordable. Adobe's Education plans provide substantial discounts to educational institutions and students, allowing them to access Adobe's creative tools at a lower cost. This strategy encourages the adoption of Adobe software in educational settings and fosters creativity among students.
- Exclusivity and Vertical Integration
 - Adobe has pursued exclusivity and vertical integration strategies by forming strategic partnerships and acquisitions. For instance, 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, offers users access to more than 20 creative applications, including Photoshop, Illustrator, InDesign, Premiere Pro, and After Effects, all within a single subscription. This comprehensive bundle provides substantial value to subscribers.
 - Adobe Stock, integrated into the Creative Cloud ecosystem, offers over 345 million assets, making it easier for users to access high-quality stock photos, illustrations, and videos directly within Adobe's creative software.
- Redeploy:
 - Adobe's acquisition of Macromedia in 2005 led to the integration of Macromedia's technologies, such as Flash, into Adobe's suite of software. This integration expanded Adobe's capabilities in web design and interactive content creation.
 - Adobe's strategic acquisitions, including Magento for e-commerce and Marketo for marketing automation, demonstrate its redeployment of technologies to enhance its Adobe Experience Cloud offerings.
- Legal Recourse:
 - It has taken legal action against individuals and organizations involved in software piracy and unauthorized use of Adobe products, resulting in legal victories and settlements that safeguard its software assets.

References

<https://journal.everypixel.com/ai-image-statistics>