

## Adobe 2008 Financial Analyst Meeting

**Johnny Loiacono**

SVP, Creative Solutions Business Unit

May 1, 2008

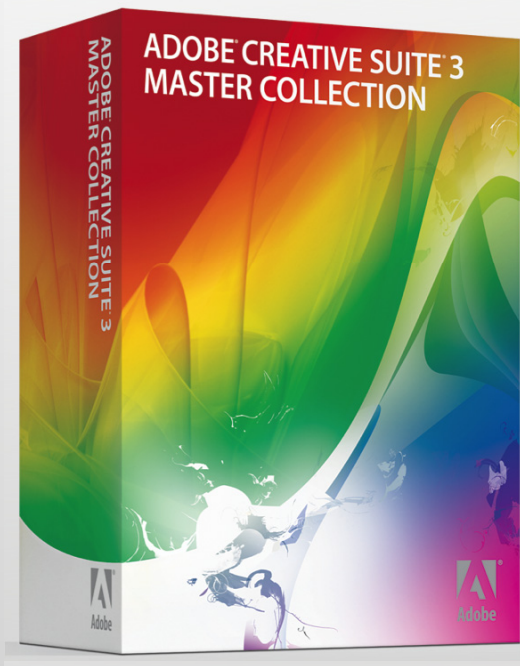


# Creative Solutions Vision

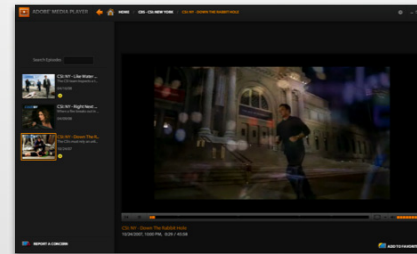


# Creative Solutions Opportunities

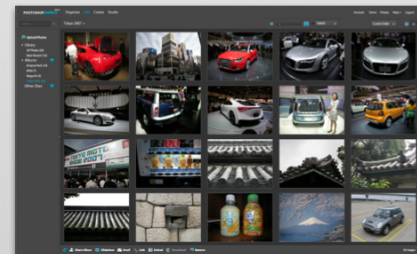
## Content Creation Tools



## Dynamic Media

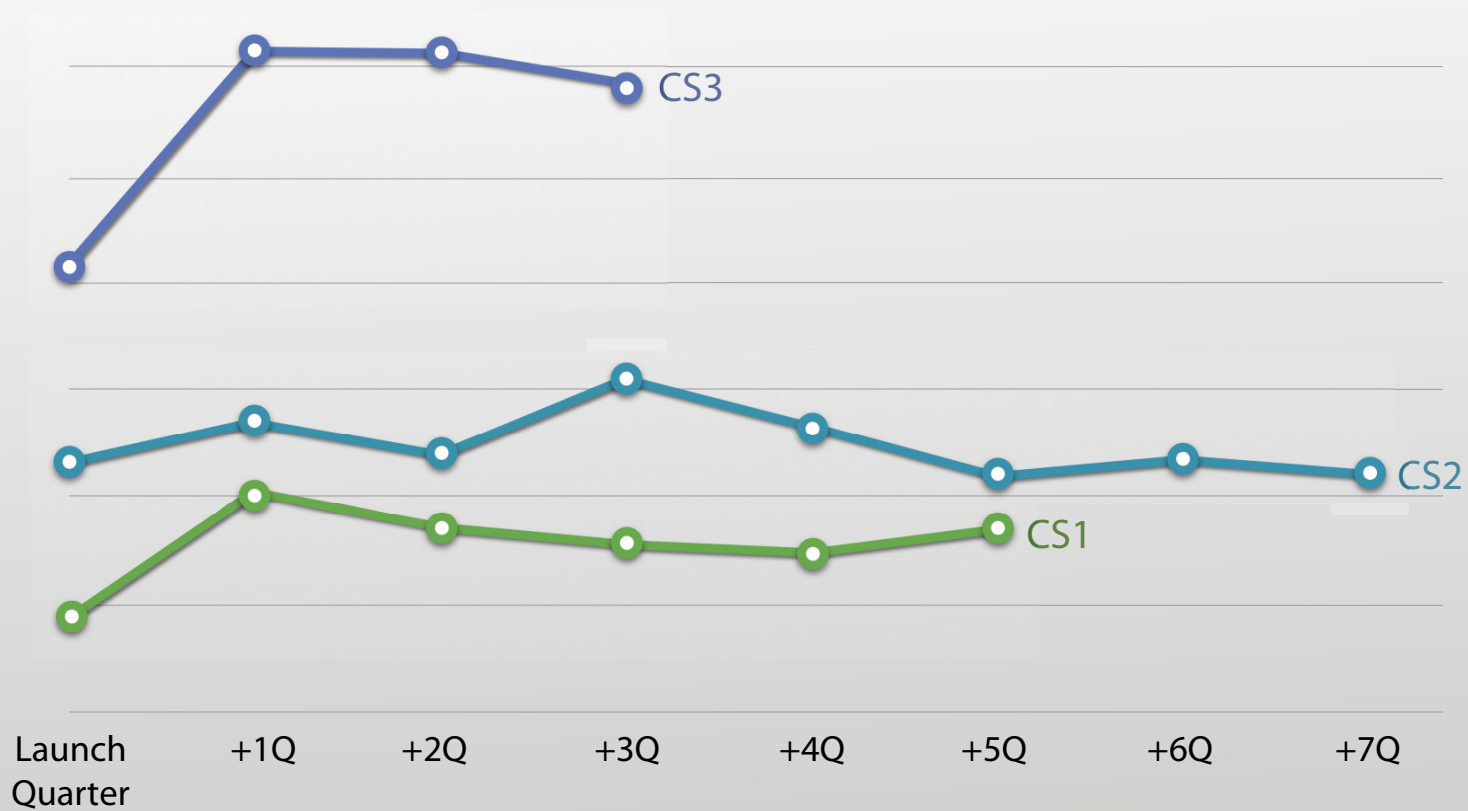


## Hosted Services



# Creative Suite Revenue

CS3 Drives 40% Growth vs. CS2

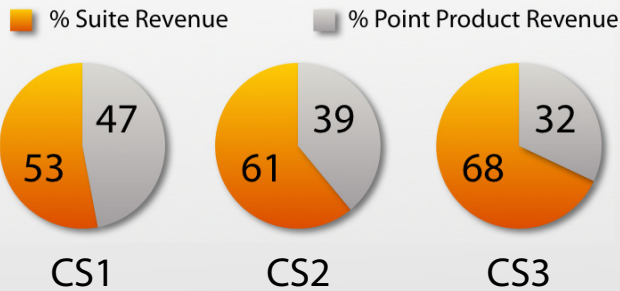


Source: Adobe Financial Reports

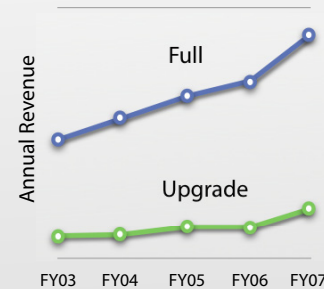


# Momentum: CS3 Achieves Significant Revenue Growth

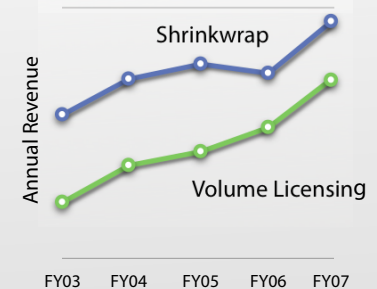
## Suite/Point Splits



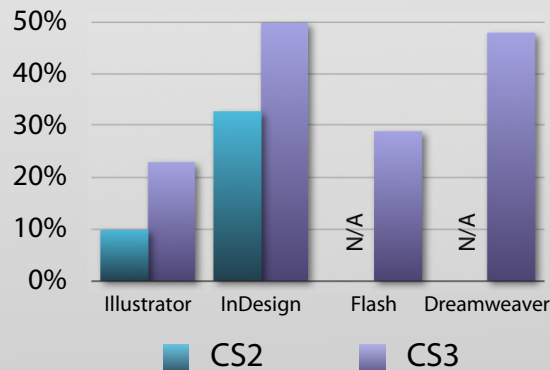
## Upgrade vs. New



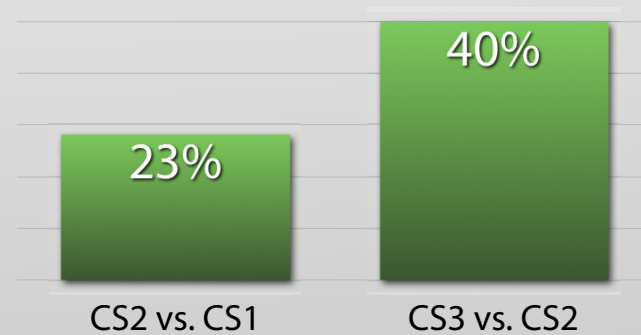
## Volume Licensing vs. Shrinkwrap



## % of Users New to a Point Product

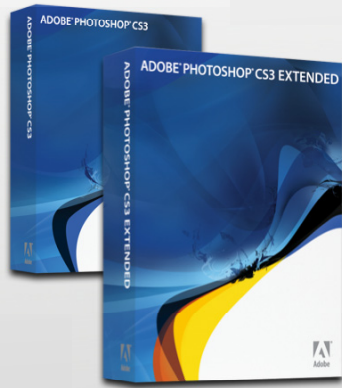


## Overall Revenue Growth to Date

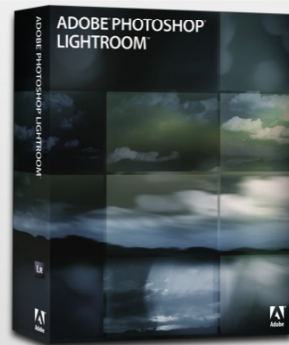


# Momentum: Photoshop

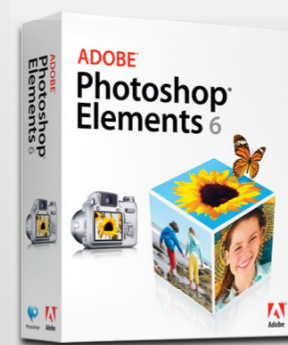
The Cornerstone of Our Creative Business



Photoshop CS3  
Photoshop CS3 Extended



Photoshop  
Lightroom



Photoshop  
Elements

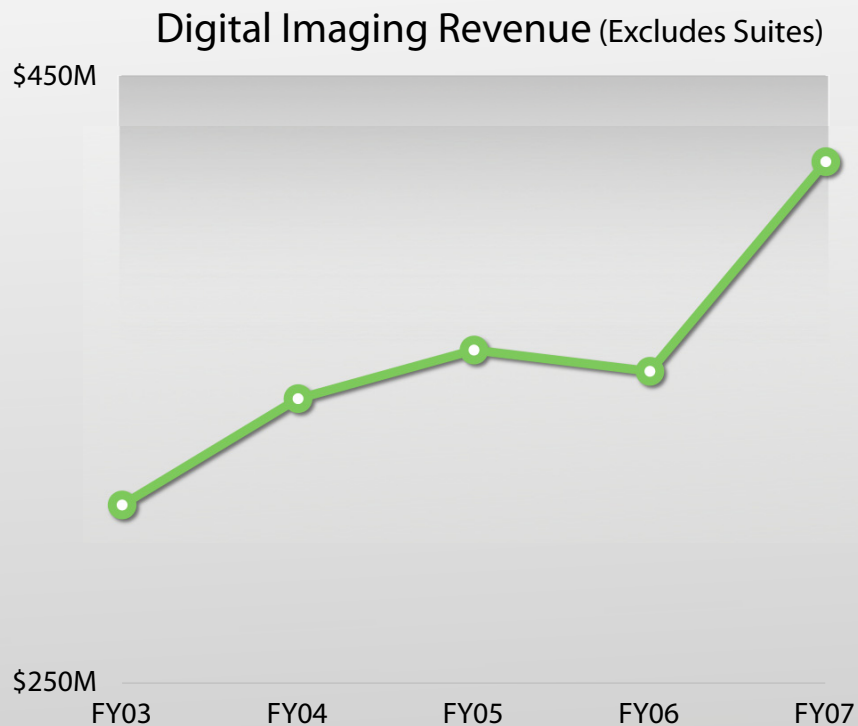


Photoshop  
Express



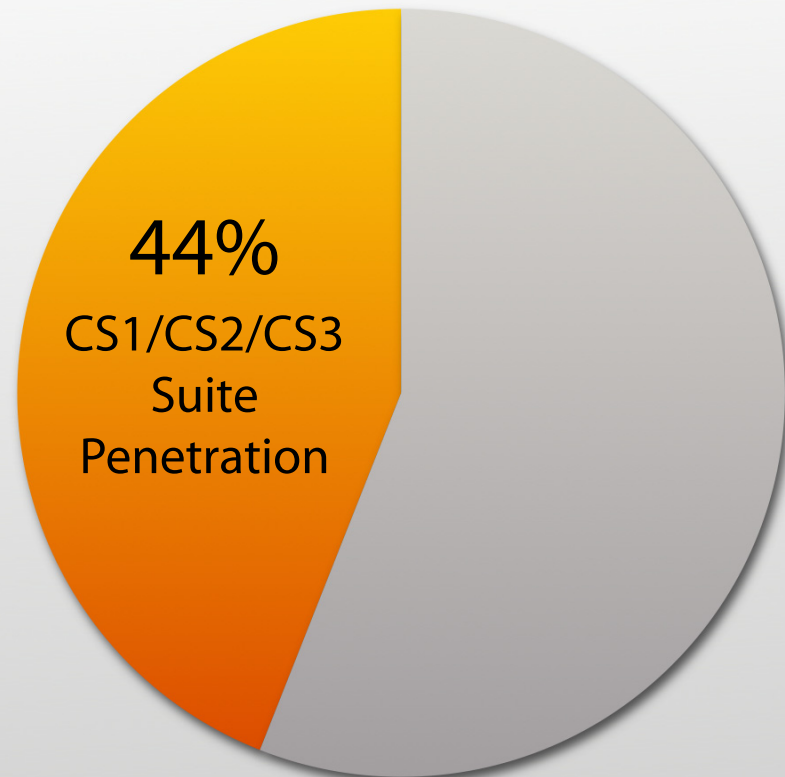
# Momentum: Photoshop

Strong Digital Imaging Growth in FY2007



- Professional Digital Imaging units up 36% year/year
- Consumer Digital Imaging achieved another record revenue year

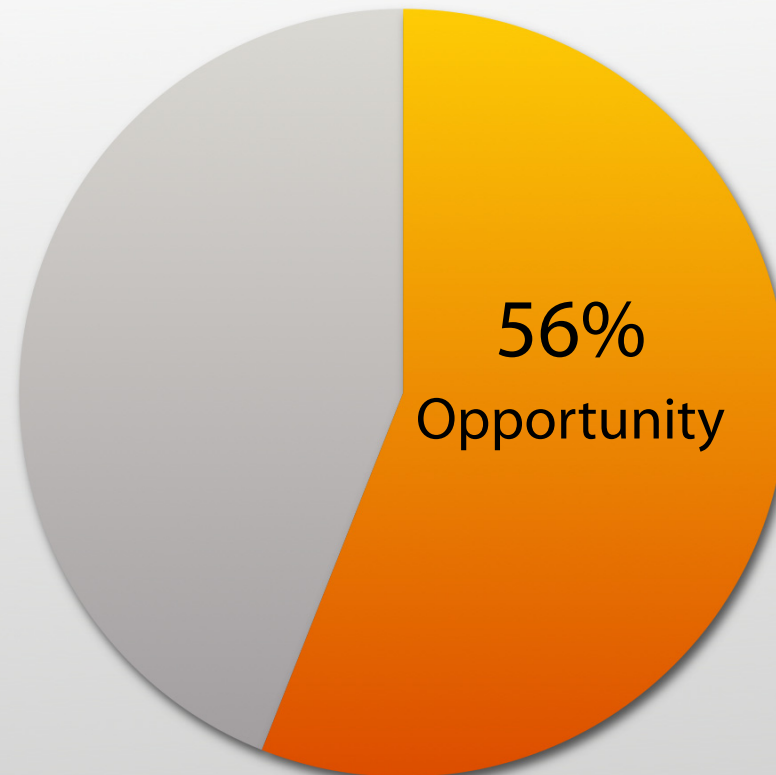
# Creative Suite Penetration Among Creative Professionals



# Creative Suite Opportunity

## Installed Base Opportunities

- Up-sell
- Upgrade
- Tuning the Business



## New Opportunities

- 77% rest of world
- 71% of video professionals
- 64% of web professionals



What's next  
after CS3?

# Creative Suite "Next"



- Full development cycle allows for more integration and innovation
- RIA trend creates opportunity to expand tools for enhanced designer/developer workflows
- Attract new customers

# Rich Media is the New Foundation of Communication



# Creative Suite “Next”



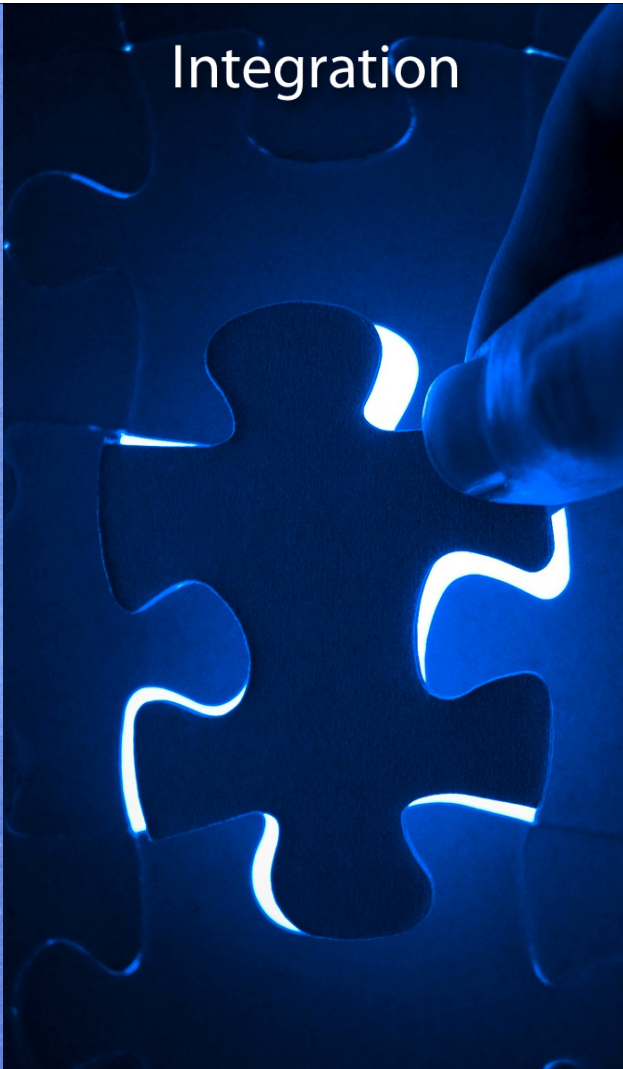
## Rich Media Creation

- Deeper end-to-end workflow integration
- Cutting edge features
- Productivity and performance improvements
- Introduction of new services
- “Must-have” release

Time Savers

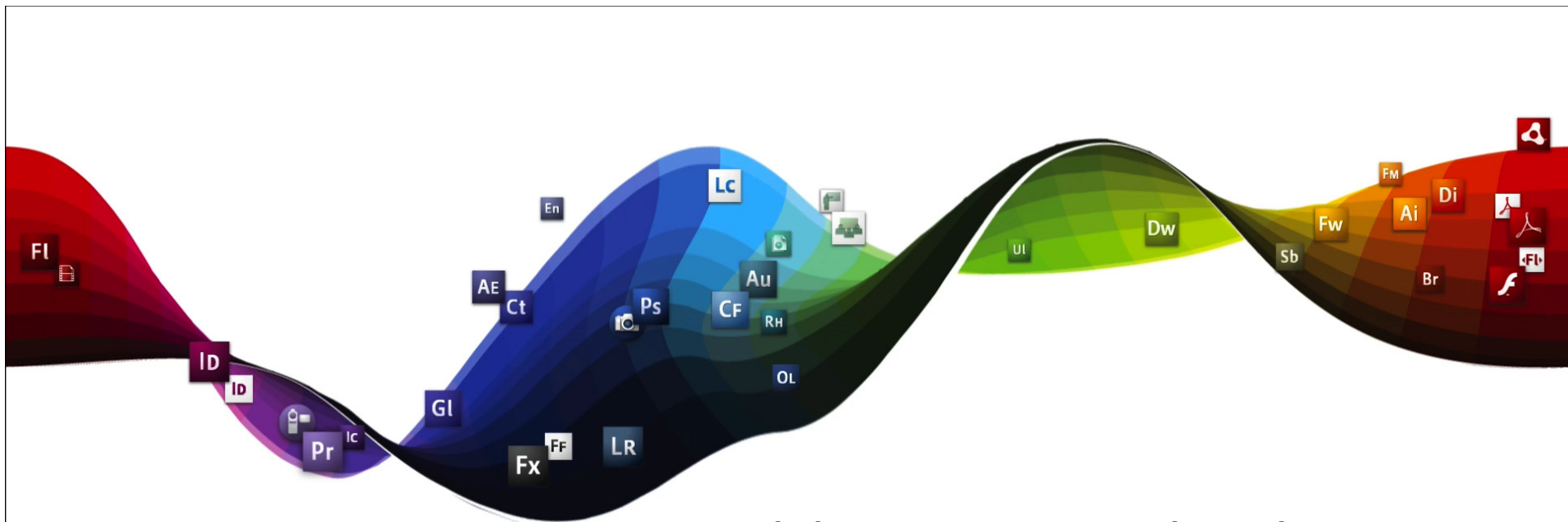


Integration



Cutting-Edge





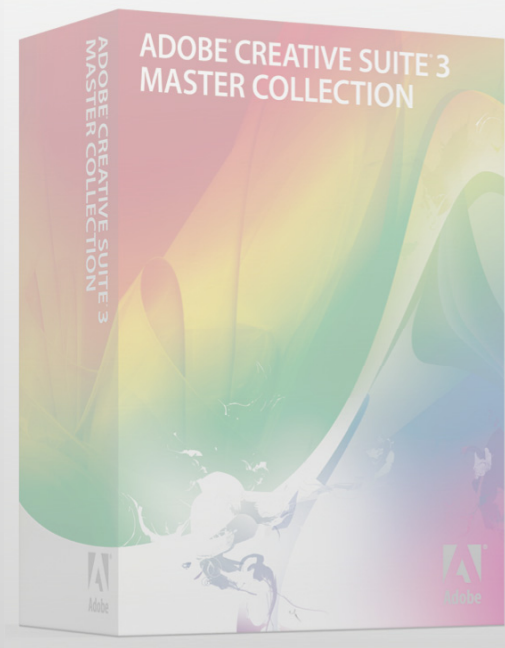
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Demonstration

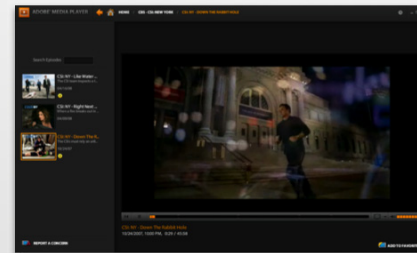


# The Next Big Growth Opportunity

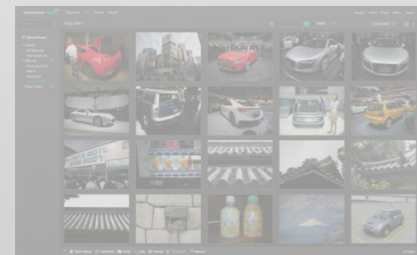
## Content Creation Tools



## Dynamic Media



## Hosted Services

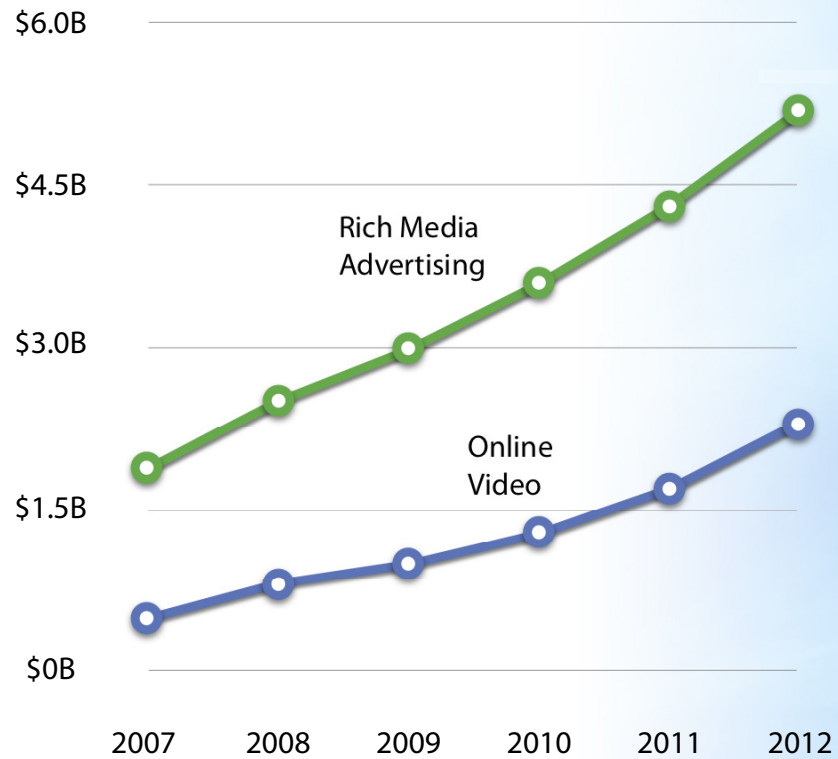


# Explosion in the Number of Connected Devices



# Dynamic Media: Industry Tailwind

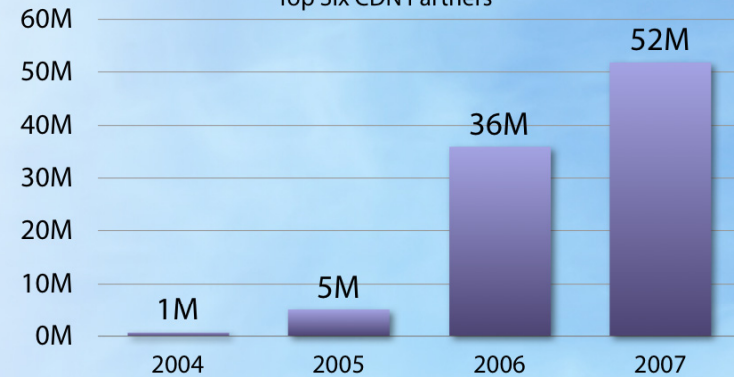
US Online Advertising Forecast



Source: Jupiter 2007

Flash Streams Served

Top Six CDN Partners



Source: Adobe

# Dynamic Media: End-to-End Workflow

## CREATION

## DISTRIBUTION

Plan

Acquire

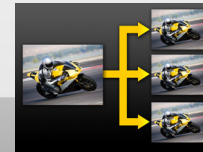
Produce

Manage

Publish

Deliver

Playback



A complete, customizable cross-platform solution  
to create, distribute and monetize content  
across big, small and *really small* screens

# Dynamic Media: End-to-End Workflow

## CREATION

## DISTRIBUTION

Plan



Acquire



Produce



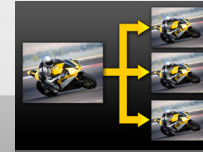
Manage



Publish



Deliver



Playback



- Concepting
- Scripting
- Storyboarding
- Meta data capture

- OnLocation
- Cinema DNG

- Premiere Pro
- After Effects
- Encore
- Soundbooth
- Flash Authoring
- Photoshop
- Illustrator

- Adobe Bridge
- Version Cue
- XMP

Flash Media Encoder

Partners:

- Maven
- Brightcove
- The Platform
- Ooyala
- Akamai

- Flash Media Server
- Flash Streaming Server

Flash Rights Mgmt. Server

+

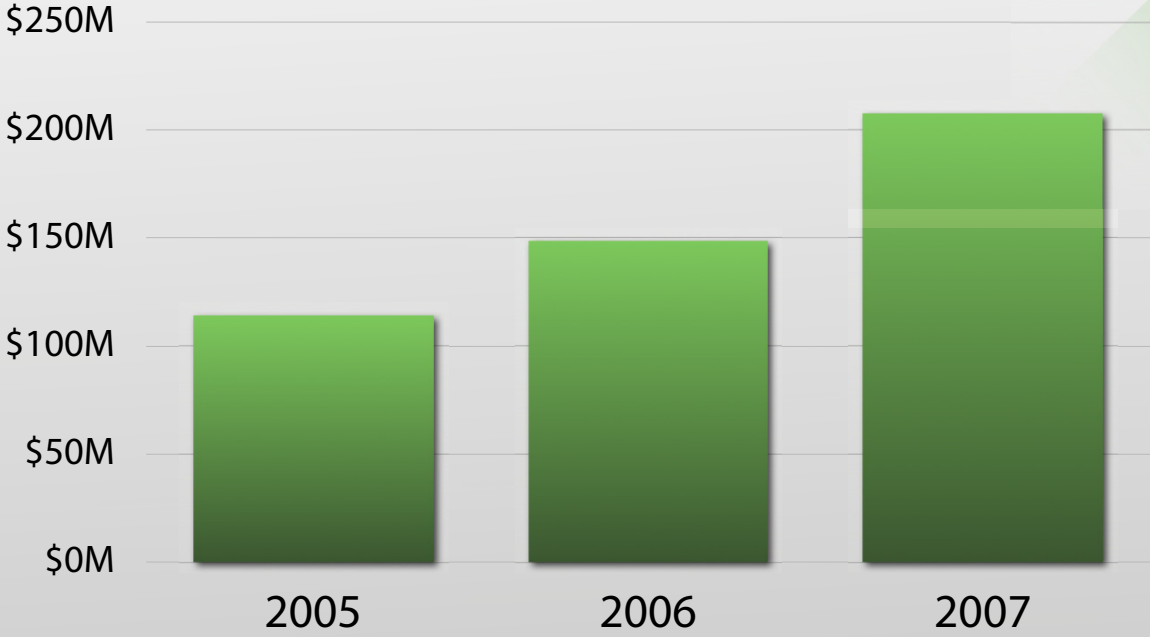
CDNs:

- Akamai
- Limelight
- Level 3
- P2P

- AMP
- Flash Plug-in
- AIR Apps

# Dynamic Media: Business Momentum

Adobe Dynamic Media Revenue Trend



Source: Adobe



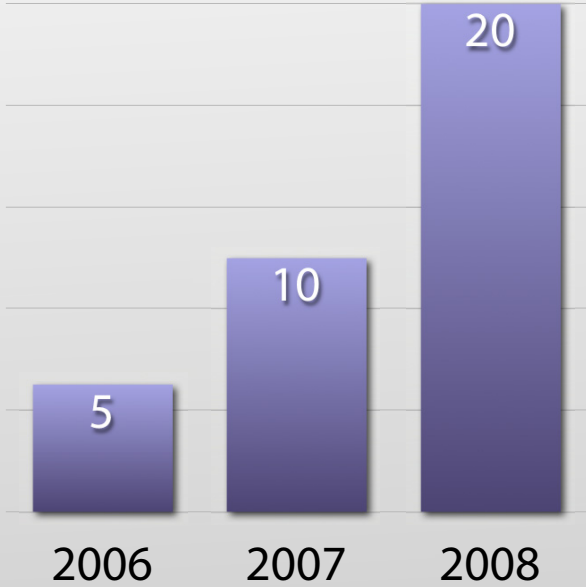
## Dynamic Media: Tools Opportunity

- Provide complete end-to-end workflow
- Tightly integrate Flash across the tools portfolio
- Gain Macintosh market share
- Migrate point-product users to Suites
- Innovate and deliver “must-have” features

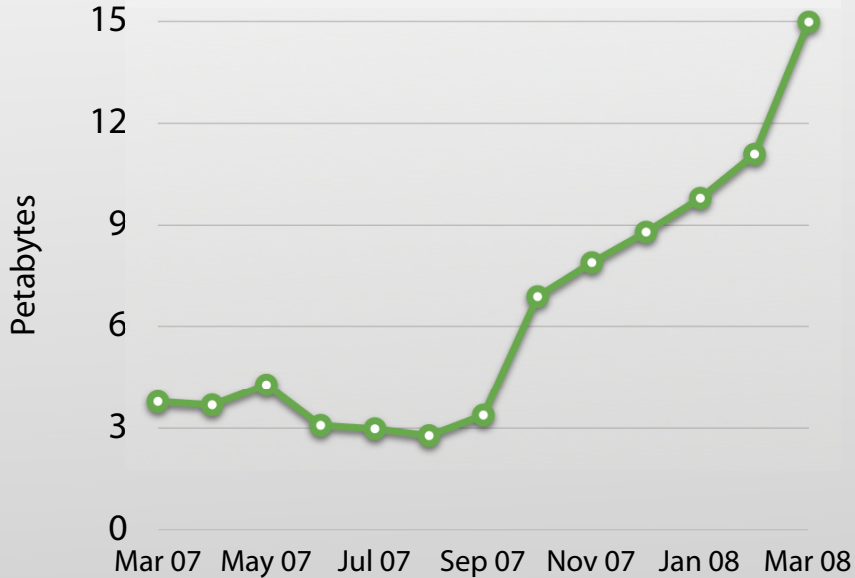


# Dynamic Media: Rich Media Delivery

### Number of CDN Partners



### Flash Video Streaming Volume



Source: Adobe



# Dynamic Media: Adobe Media Player

- Next generation desktop media player based on Adobe AIR
- Lets content providers control, deliver, brand and monetize their content
- Lets users manage their videos, and view them online and offline



# Dynamic Media: Adobe Media Player Monetization

## CREATION

## DISTRIBUTION

Plan

Acquire

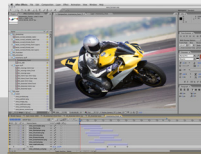
Produce

Manage

Publish

Deliver

Playback



### METADATA CREATION

#### Planning Info:

- Pre-visualization
- Script
- Actor
- Product info

#### Location Info:

- Camera settings
- Wardrobe
- Scene and take data
- Geo info

#### Production Info:

- Text transcript
- Time codes
- Edits/effects
- Ad insert points
- Character info

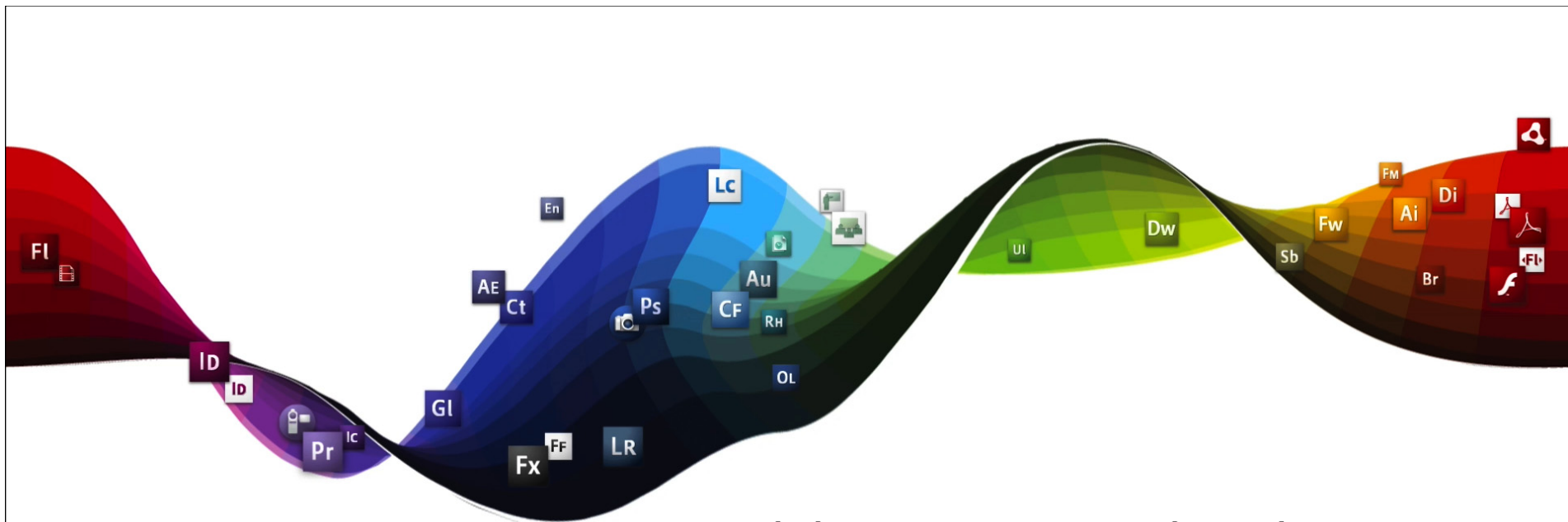
- Policies
- Sales rights
- Geo exclusivity

- Publishing
- Advertising insertion
- Analytics
- Campaign management

- Stream quality
- Format selection

- Contextual ad delivery
- Playback analytics

- Increased CPMs



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Demonstration

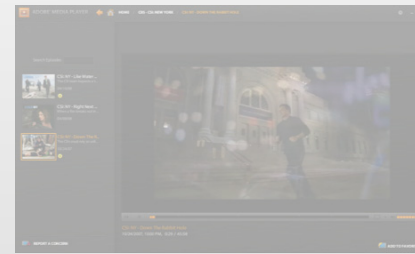


# Hosted Services

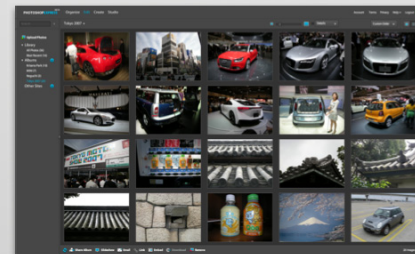
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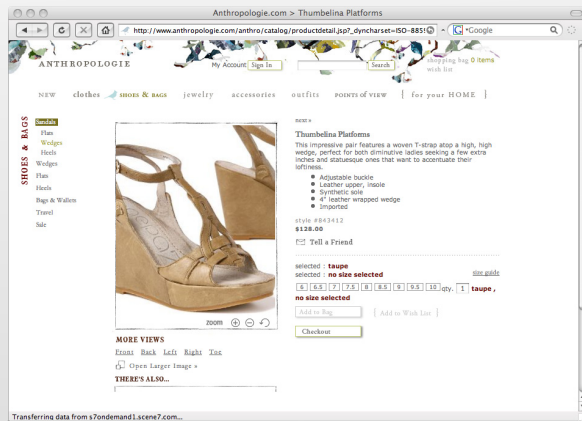
## Dynamic Media



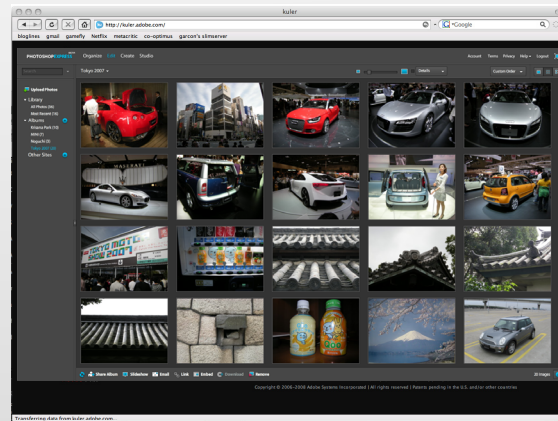
## Hosted Services



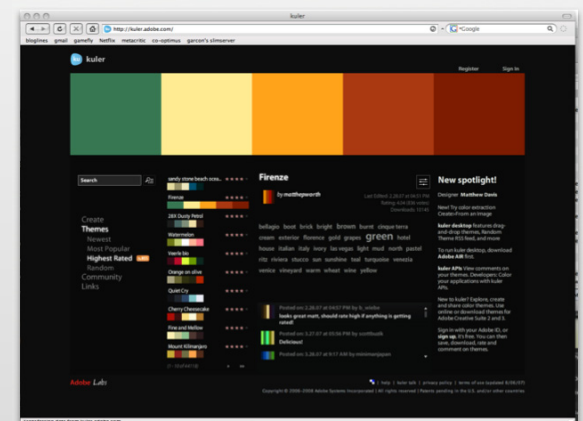
# Hosted Services



eCommerce

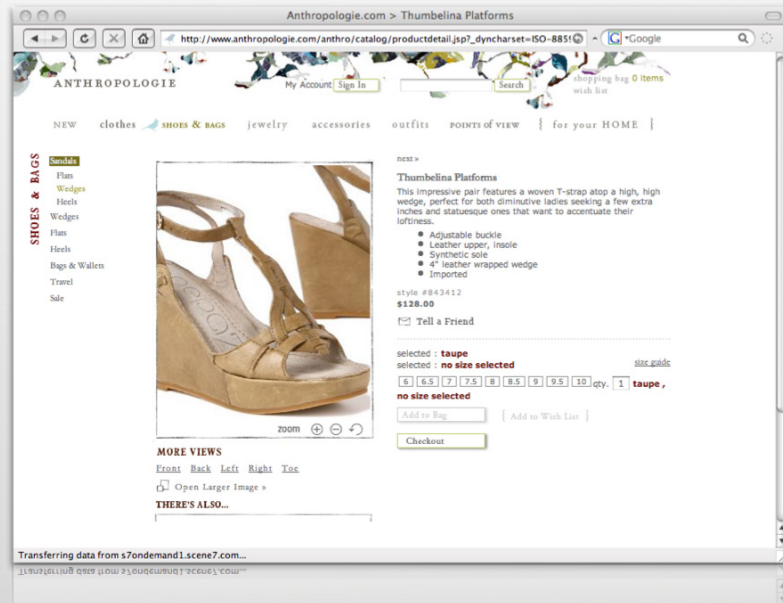


Consumer



Creative Pro

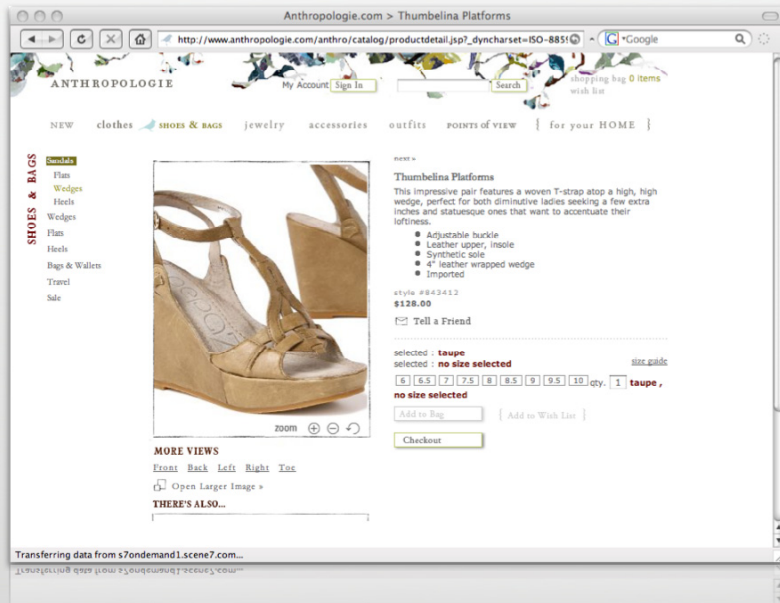
# eCommerce Hosted Services



- Acquired May 2007
- Ratable revenue model
- Dynamically delivers rich CS assets on demand to any channel of distribution
- Hundreds of customers in retail, manufacturing
- Nicely augments CS products



# eCommerce Hosted Services



WILLIAMS-SONOMA



bloomingdales

otto group

DAVID'S BRIDAL



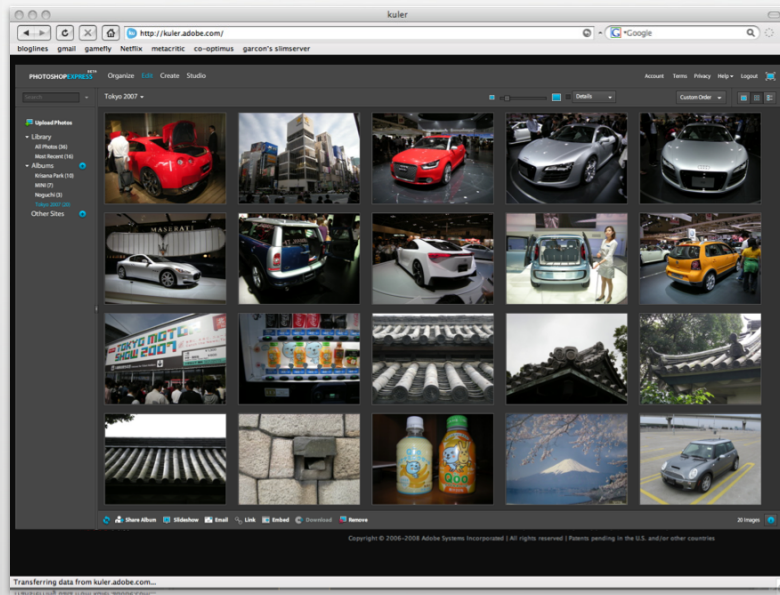
Office DEPOT



Zillow.com



# Consumer Hosted Services



## ADOBE® PHOTOSHOP® EXPRESS

Announced Beta March 26

- Simple upload, organization and storage
- Simple editing
- Simple creation and posting
- Social and community

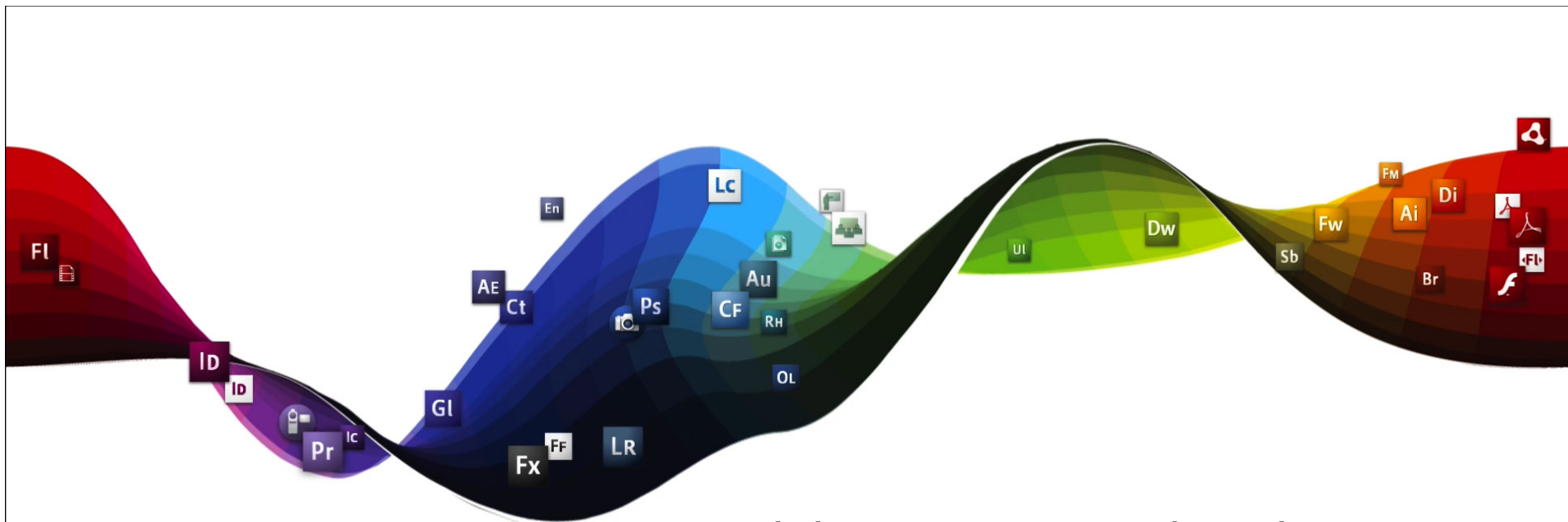
# Consumer Hosted Services



## ADOBE® PHOTOSHOP® EXPRESS

First 24 hours

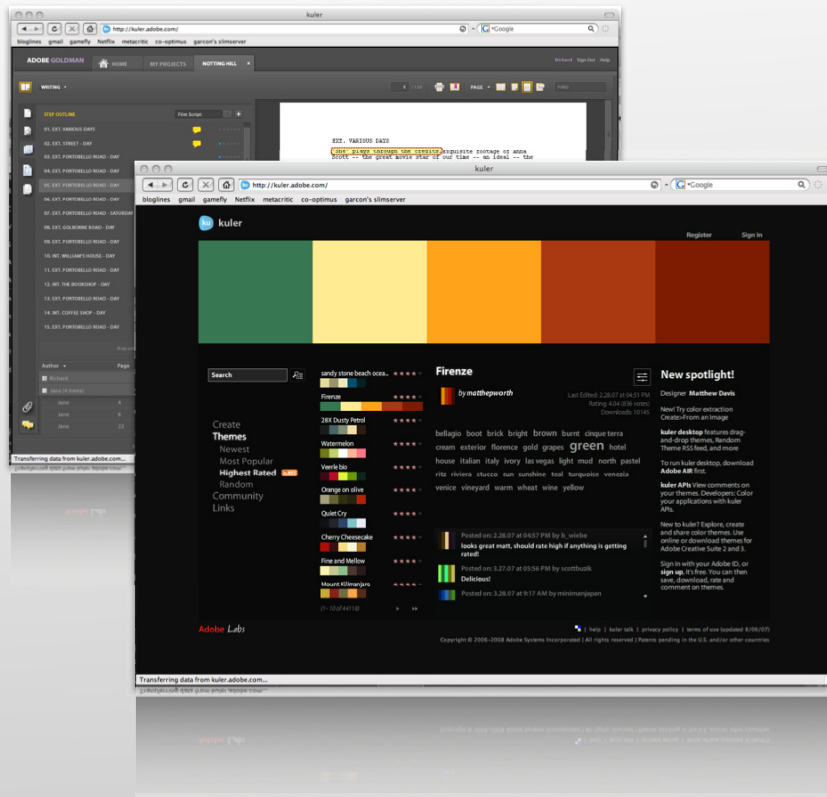
- 3 million image uploads
- 3+ Terabytes
- 1.5M landing page hits
- 41M total hits
- ~200K new accounts



## Adobe 2008 Financial Analyst Meeting

# Demonstration

# Creative Professional Hosted Services



- Improve productivity by connecting desktops, web-enabled databases and server-based applications
- Provide a venue for social networking, collaboration and inspiration
- Monetization via subscription services
  - Color themes community
  - In-browser editing
  - Multi-browser testing
  - Rendering the cloud
  - Online help
  - Collaboration/conferencing

## Creative Solutions: Summary

- Expect continued CS3 momentum
- Building CS “Next” to be a “must-have” release
- Opportunity to grow Dynamic Media into a \$500M business
- Hosted services represent exciting incremental opportunities

