

QUICK TAKE



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With Adobe In Charge, What Will Happen To Flash?

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EXECUTIVE SUMMARY

Adobe Systems' impending purchase of Macromedia has raised questions about the future of Flash. But the acquisition makes prospects for Flash-related products even brighter than before as Macromedia gets a much-needed infusion of marketing clout along with some intriguing opportunities for tool synergies.

RESEARCH CATALYST

Adobe Systems announced a definitive agreement to acquire Macromedia in an all-stock transaction valued at approximately \$3 billion. Both boards of directors have approved the agreement.¹

THE FUTURE OF FLASH PRODUCTS

For years, Adobe and Macromedia competed tenaciously before taking their product lines in diverging directions that made it easier for the vendors to co-exist. But before tensions eased, Adobe took aim at Flash by including support for an alternative vector graphics format (SVG) in several of its products.² Now that Adobe is about to own its former archrival in the Web space, what will happen to Flash and Flash-based products? Forrester's take:

- **Flash Player keeps its sacred status.** The ubiquitous Flash Player is on 98% of Internet-enabled desktops worldwide. Its small size (480 k) coupled with Macromedia's seamless update process lets the vendor get new versions out to virtually the entire installed base in about a year. Adobe knows that this is the crown jewel that makes all of the Flash-related products so compelling. With tremendous potential downside — and very little upside — from tampering, Flash users can expect status quo.
- **Flash MX tools slowly transform into part of the “Photoshop family.”** Flash MX, Macromedia's homegrown Flash development platform, already supports direct import and mapping of both PDF and EPS (Illustrator) files. For its part, Adobe's recent tool releases have focused on opportunities for more tightly integrating its products. In the short term, look for complementary development paths for Flash MX, Illustrator, and Photoshop aimed at more seamless file exchange and editing. Longer term, expect user interfaces of these tools to merge.
- **Server products get much-needed marketing support.** Macromedia has been challenged in its efforts to get enterprise traction for its Flash-related server products, including Flex, which enables applications like the TJ Maxx shopping cart to be tightly integrated with existing Web

infrastructure.³ Adobe's deeper pockets and greater familiarity with enterprise buyers will give its new acquisition's promising — but little-known — server products the marketing boost they need.

- **Flash Video format gets instant credibility.** Flash Video is an even better kept secret than Flash servers. Despite standout examples like Ralph Lauren's RL TV and obvious benefits like platform independence, the format still lacks top-of-mind awareness among potential buyers. Enter Adobe, which has a strong presence in the professional video market with products like Premiere Pro and After Effects. By adding explicit support for Flash video to its video tool lineup, Adobe will put the format squarely in focus for Web designers who want to create streaming video.
- **FlashPaper becomes a feature in Acrobat.** Contrary to its overall direction of steering away from collisions with Adobe, Macromedia fired a very threatening shot across its soon-to-be owner's bow with FlashPaper. The tool allows easy creation of both PDFs and Flash documents — SWF files that are interchangeable with PDFs for most Web purposes. Look for Adobe to rapidly make FlashPaper go away as a standalone product, replaced by new functionality in Acrobat: the ability to save documents as SWF files.

RECOMMENDATIONS

FULL STEAM AHEAD FOR FLASH

Having bought the goose that lays the golden eggs, Adobe will make golden omelets, not pâté. Site owners and developers can expect Flash support to continue uninterrupted in the short term and migrate toward closer integration with other Adobe products in the mid- to long term. Buyers should:

- **Continue with current plans for Flash applications.** There's no need to derail current projects due to uncertainty over the acquisition. If anything, Adobe will strengthen the future potential of Flash in the enterprise. Companies seeking differentiation for their sites should look beyond MX tools and plan to include Flex for the enhanced function and simplified development process that it brings to the party.
- **Consider Flash-based products not previously on the radar.** As broadband penetration increases, Flash Video looks increasingly attractive as a relatively low-cost way to add compelling content to sites. Additionally, Macromedia's Breeze leverages the Flash Player to deliver interactive presentations, training, and conferencing. Adobe's enterprise credibility makes these offerings safer, more credible bets for execs in IT, HR, and marketing — people who may currently know Flash mostly as the technology powering all those annoying "Skip Intro" pages.

ENDNOTES

- ¹ From a strategic perspective, the acquisition turns Adobe from a dark horse in the race for content-centric apps and the information workplace into a major player that IT infrastructure vendors will either partner with or contend against. Or both. See the April 19, 2005, Quick Take “Adobe Buys Macromedia: A Perfect Alignment Of Content, Documents, And Web Applications.”
- ² Adobe Illustrator, Adobe Graphics Server, and Adobe GoLive all support the Scalable Vector Graphics file format and Web development language.
- ³ Web design agency Molecular developed the single-screen checkout function on the Macromedia Flex platform. Molecular spent six months researching the causes of cart abandonment and another six months developing the application, which sells (including customization and integration) for about \$300,000.