

# ADOBE 2011 FINANCIAL ANALYST MEETING

David Wadhwani  
SVP/GM, Digital Media

# Digital Media Business Unit Portfolio

## CREATIVE & INTERACTIVE SOLUTIONS



Design



Web



Publishing



## DIGITAL MEDIA SOLUTIONS



Imaging



Video



## KNOWLEDGE WORKER



Acrobat



Document Services



# Digital Media: Year in Review



## CREATIVE CONTENT



Creative Suite 5.5



Beyond the Desktop –  
Touch Apps



Delivered Flash on Devices



Established Leadership in HTML5



Momentum in Publishing  
and Monetization



Announced Creative Cloud



## DOCUMENTS



ASP and Unit Increase



Beyond Desktop:  
Reader X on Mobile Devices



Acrobat & Reader X  
Sandbox Security



Launched Forms Central



EchoSign Acquisition

# Digital Media: New Opportunities

## DIGITAL MEDIA



Market conditions present significant opportunities for Adobe to...

- Rapidly deliver product innovation
- Access new, untapped market segments
- Increase engagement with customers
- Transition to recurring revenue
- Accelerate revenue growth

# Redefining Content: From Creation to Monetization

WEB



PUBLISHING



VIDEO



GAMING



DOCUMENTS



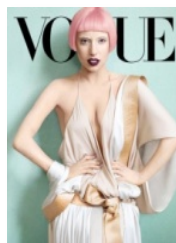
Multiple Devices

Design & Interactivity

Web & App Stores

Flexible Monetization

Disney



CNN

ESPN

hulu

SONY

FOX





# Redefining Content: From Creation to Monetization

WEB



PUBLISHING



VIDEO



GAMING



DOCUMENTS



Multiple Devices

Design & Interactivity

Web & App Stores

Flexible Monetization

A significant  
catalyst for growth



A multi-year  
vector of innovation

# The Retooling of Creative Content

## HTML ADD-ONS



## RICH ADS



## INTERACTIVE WEB PAGES



## DIGITAL PUBLISHING



## CASUAL GAMING



## PREMIUM VIDEO



## 3D GAMING





DEMO



# The Retooling of Creative Content

HTML  
ADD-ONS

RICH ADS

INTERACTIVE  
WEB PAGES

DIGITAL  
PUBLISHING

CASUAL  
GAMING

PREMIUM  
VIDEO

3D GAMING



Servers & Services



Creative Tools



Frameworks



VIDEO

FONTS

APP MODEL

DEPLOYMENT



Standards & Browsers

# Redefining Content: From Creation to Monetization

WEB



PUBLISHING



VIDEO



GAMING



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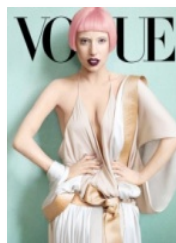


Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

Disney



CNN

ESPN

hulu

SONY

FOX



Adobe is the leading provider of tools and services that allow individuals, small businesses and enterprises to create, publish, promote and monetize their content - anywhere.

We will also leverage our leadership in Digital Media to deliver winning solutions for Digital Marketing.

# DIGITAL MEDIA VISION

Adobe is the leading provider of **tools and services** that allow individuals, small businesses and enterprises to **create, publish, promote and monetize** their content - anywhere.

We will also leverage our leadership in Digital Media to deliver winning solutions for Digital Marketing.

Product  
Innovation

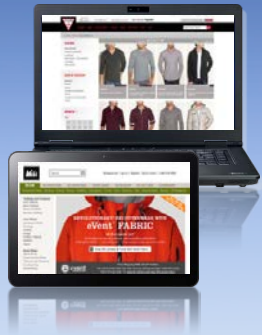
Market  
Expansion

## DIGITAL MEDIA VISION



# Product Innovation

WEB



PUBLISHING



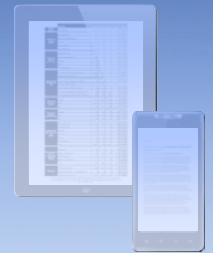
VIDEO



GAMING



DOCUMENTS



Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services



Creative Touch Apps



Desktop Tools



Media Publishing



Ad Management



# Product Innovation: Desktop Tools

## WEB



## DESIGN



## IMAGING



## VIDEO



>500K

Muse & Edge  
downloads

65%

InDesign users  
interested in Digital  
Publishing Suite

>1M

Views of Deblur  
MAX Sneaks  
video

#1

Market leader in  
pro video tools

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

# Product Innovation: Creative Touch Apps



Collage



Kuler



Carousel



Photoshop  
Touch



Debut



Proto



Ideas

400M

Tablets by 2014

77%

Creative pros desire  
to create on tablets

60%

Creative pros will  
own tablets

35M

Adobe touch apps  
downloaded to date

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

# Product Innovation: Publishing Services

## PUBLISHING



1,100

Digital Publishing Suite titles in  
App stores

>50

Countries

65%

InDesign users interested in Digital  
Publishing Suite

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

# Product Innovation: Publishing Services

## PUBLISHING



**\$20M**

Combined  
bookings  
in FY2011E

**275%**

Combined  
Y/Y growth

**1,100**

Digital Publishing Suite  
titles in App stores

## WEB



**22,000**

Hosted sites

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services



# Product Innovation: Video Advertising

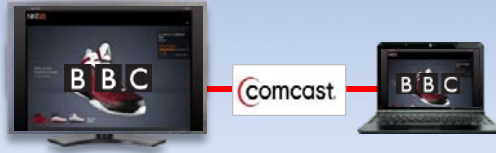
## ADOBE MEDIA SERVER



5%

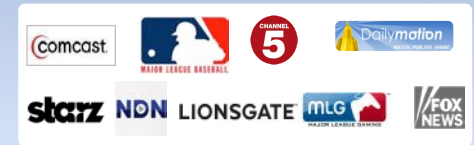
Premium video available  
over IP in 2011

## ADOBE PASS



10X

Premium video over  
IP growth by 2015



\$80B

US network TV ad spend  
in 2011

Core Creative  
Content Tools

Interactive  
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Publishing &  
Monetization Services



# Adobe Creative Cloud

## CREATIVE SERVICES



Device &  
PC Sync



Cloud  
Storage



Web  
Fonts



**Digital Publishing  
Single Edition**



**Business Catalyst**

## CREATIVE APPS



Photoshop



Illustrator



InDesign



Dreamweaver



Lightroom



Premiere  
Pro



After  
Effects



Fireworks



Flash Pro



Flash Builder



Edge



Acrobat



Kuler



Photoshop  
Touch



Collage



Proto



Debut

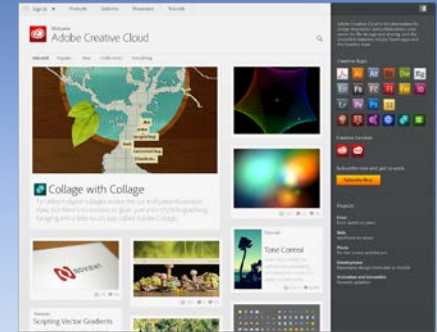


Carousel



Ideas

## CREATIVE COMMUNITY



**Online Training**



**Access to Adobe  
Gurus**



**Premium  
Support**

# Market Expansion: Adobe Creative Cloud

## LEARNINGS FROM CS5.5 SUBSCRIPTIONS

Suites \$65-\$129/month

**Attracts new users**

**38%**

New to Adobe

**Keeps existing users  
current**

**76%**

Would not have  
upgraded without subscription

## LOTS OF NEW VALUE

Creative Cloud members will  
have access to **all** the **latest...**

- Desktop tools
- New touch apps
- New design services
- New publishing services
- New community features
- New online training
- Early access to new capabilities

## ATTRACTIVE PRICING

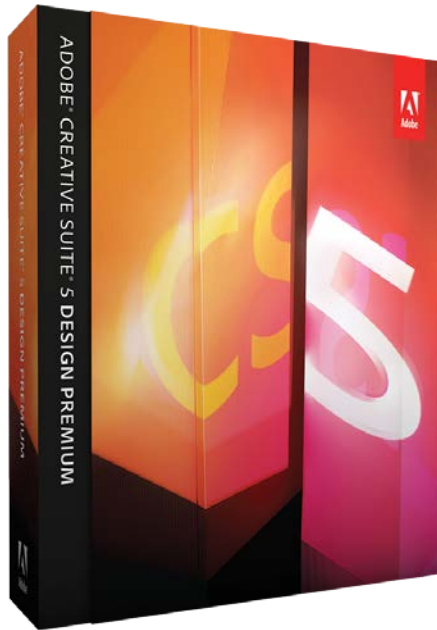
**\$49-\$69**

Creative Cloud monthly fee  
(annual purchase)

**~800K**

New users expected  
by FY2015

# Typical Perpetual Pricing: CS5.5 Design Premium Example



## CS5.5 Design Premium\*

Full Price	\$1,899
Upgrade CS5 to CS5.5	\$399
Upgrade CS4 to CS5.5	\$649
Upgrade CS3 to CS5.5	\$949
Upgrade CS2 to CS5.5	\$949

# Perpetual Licensing Patterns

## CS5.5 Design Premium Example\*

PERPETUAL EXISTING CUSTOMERS	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	6 Years
Upgrade every year	399	399	399	399	399	399	\$2,394
Upgrade every major release	649		649		649		\$1,947
Upgrade every other major release	949				475		\$1,424
PERPETUAL NEW CUSTOMERS							
Upgrade every year	1,899	399	399	399	399	399	\$3,894
Upgrade every third major release	1,899						\$1,899

Customer value to  
Adobe across all CS  
suites and geographies\*\*

~\$30  
per month

# Creative Cloud Opportunity

CREATIVE CLOUD SUBSCRIPTION*	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	6 Years
Creative Cloud (\$49/mo)	564	477	399	351	315	291	<b>\$2,397</b>
Creative Cloud (\$69/mo)	789	668	559	491	441	407	<b>\$3,355</b>

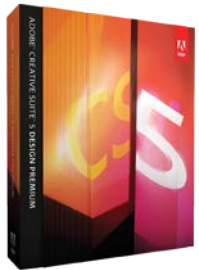
Customer value to Adobe across  
all Creative Cloud offerings with  
expected retention rates\*\*

~\$40  
per month



# Creative Cloud Opportunity

## Perpetual Creative Suite customer value to Adobe



~\$30  
per month

Creative Cloud members will have access to **all the latest...**

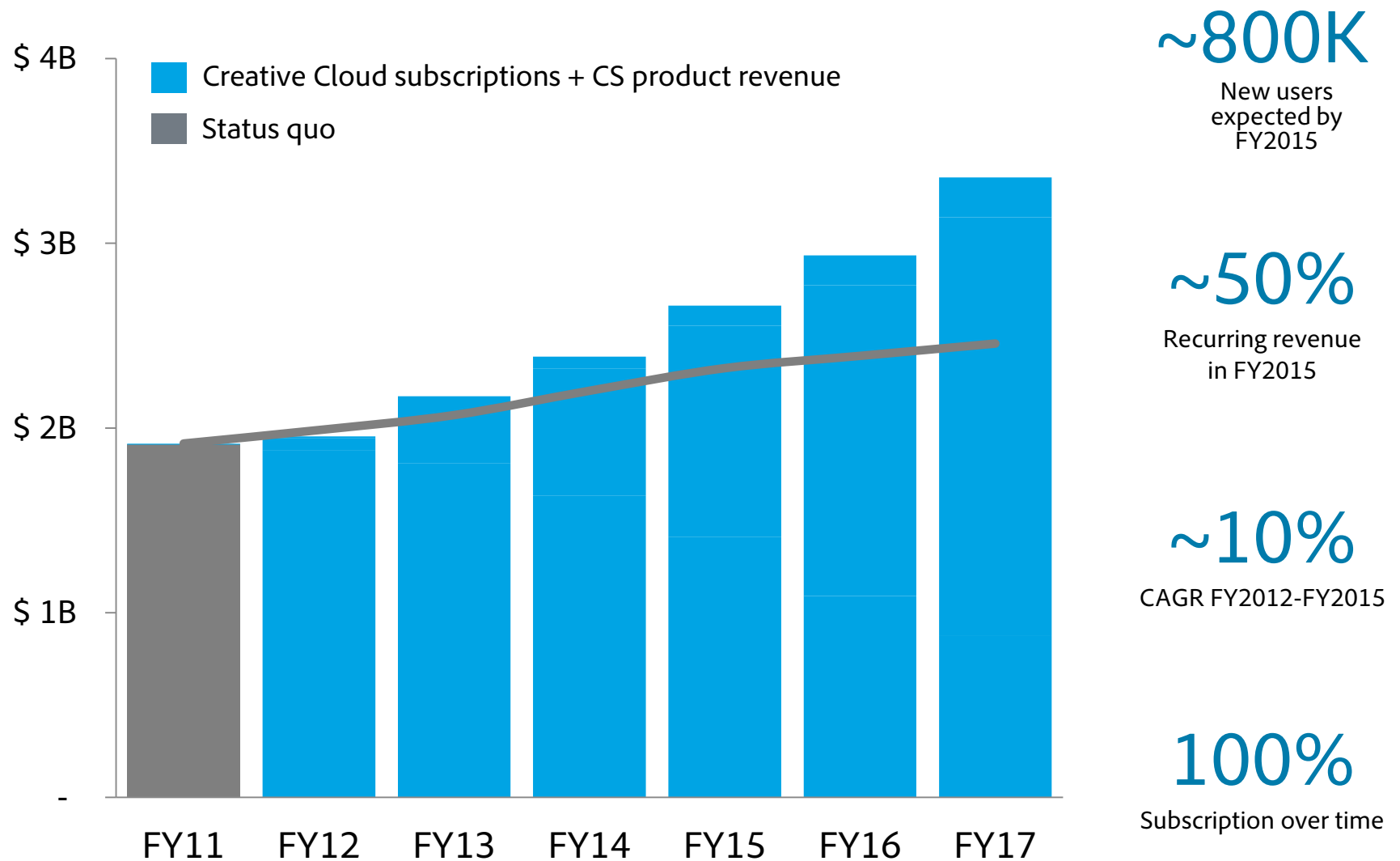
- Desktop tools
- New touch apps
- New design services
- New publishing services
- New community features
- New online training
- Early access to new capabilities

## Creative Cloud subscriber value to Adobe



~\$40  
per month

# Subscription Adoption Model



# Shifting Landscape

## WEB



## PUBLISHING



## VIDEO



## GAMING



## DOCUMENTS



Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

# Shifting Landscape: Document Services

WEB



PUBLISHING



VIDEO



GAMING



DOCUMENTS



Anywhere  
Access

Document  
Collaboration

Electronic  
Signatures

Security  
& Privacy



# Product Initiatives: Document Creation



**>10%**

Y/Y Revenue  
growth in FY2011E

**500M**

PDF files on  
the Web

**11M**

Downloads of Reader  
for Android

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services



# Product Initiatives: Document Exchange Services



ADOBE® SENDNOW



ADOBE FORMSCENTRAL

1%

Web-signed contracts  
in 2011

50%

Web-signed contracts  
expected by 2015

1M

EchoSign contracts  
per month

\$1.5B+

US overnight  
envelopes

Core Creative  
Content Tools

Interactive  
Media Tools

Publishing &  
Monetization Services

# Shifting Landscape Expands Adobe's Opportunities

## WEB



## PUBLISHING



## VIDEO



## GAMING



## DOCUMENTS



Core Creative  
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# Transforming Our Business

## DESKTOP TOOLS



## CREATIVE TOUCH APPS



## CONTENT PUBLISHING



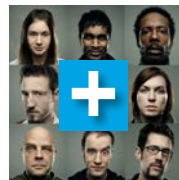
## MEDIA MONETIZATION



## DOCUMENT EXCHANGE SERVICES



Move to  
Cloud  
Delivery



Appeal  
to New  
Users



Move to  
Recurring  
Revenue

>10%  
FY2012-FY2015 CAGR