



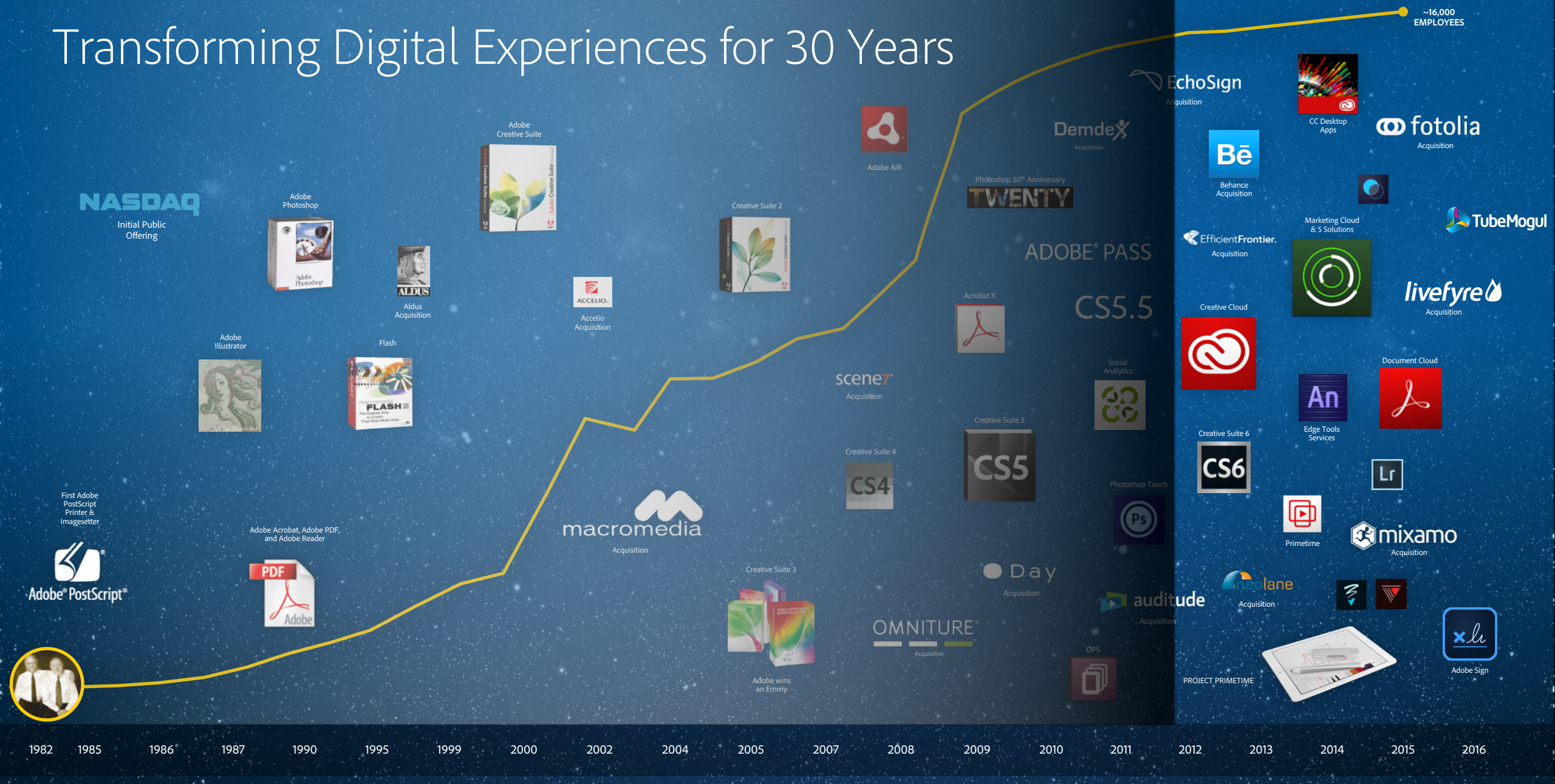
Adobe

Adobe's Transformation to the Cloud

Maria Yap | Acting VP, Digital Imaging

Transforming Digital Experiences for 30 Years

~16,000 EMPLOYEES



Time for Change: Our Business



2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

Adobe Creative Cloud



DESKTOP APPS



MOBILE APPS



COMMUNITY



ASSETS



MARKET

The Plan To Self-Disrupt

1

Reinvigorate Growth

Bring in more new customers
Offer new products and services to installed base

2

Build Recurring Revenues

Rationalize mix of business models: perpetual desktop, enterprise with maintenance, SaaS

3

Regain Investor Confidence

Return to high growth
Restructure organization to be growth vs. margin oriented

Five Lessons Learned



Read The Tea Leaves

Start With A Clean Slate

“Burn The Boats”

Rethink Everything

Be Transparent

Read the Tea Leaves



MOBILE DISRUPTION



GROWTH OF CLOUD



RECURRING VALUE

Start with a Clean Slate

CREATE THE OFFERING YOU WOULD
HAVE IF YOU WERE LAUNCHING
YOUR COMPANY TODAY

“Burn the Boats”

OPERATIONAL

New processes, metrics, and service-oriented models

ORGANIZATIONAL

Transition quickly to Creative Cloud, phase out Creative Suites

FINANCIAL

Willing to take risk to create right long-term position

PORTFOLIO STRATEGY

Re-evaluate investment strategy to “double down on cloud”

Rethink Everything

PRODUCT

Ongoing value across Desktop,
Mobile, Cloud, Community

BUSINESS MODEL

Monthly subscription service;
low entry price

GO TO MARKET

More direct customer
relationships

ENGINEERING

Agile development, availability
& responsiveness

IT

Nimble business,
delighted customers

FINANCIAL

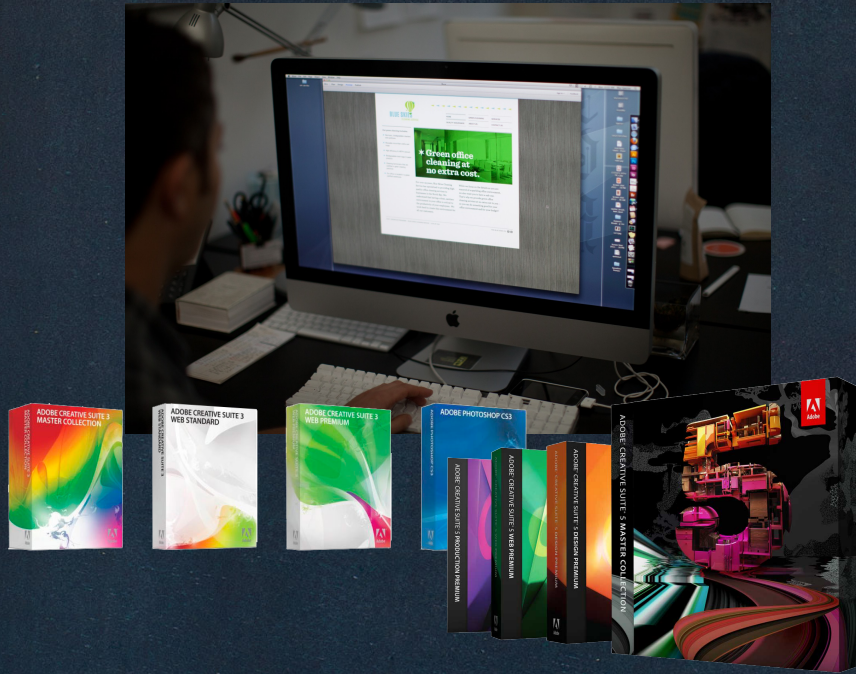
Annualized recurring revenue (ARR)

Product Simplification & New Value

PRODUCT

Creative Perpetual Offering

Creative Cloud Offering



Evolution of Creative Cloud

PRODUCT

Executing to and building on our vision of Creative Cloud

2008-2010

Pilot subscription
& services

May 2012

Launched Creative Cloud
Released CS6

2014

In 2 years, new innovations to market:
>50 desktop releases with hundreds of new features
New mobile apps
New types of services
New community offering

Focus on Creative Cloud

Announced plan to stop development on Creative Suites at MAX 2013

Pricing Objectives: Simplify business model, Attract new & Reward loyalists

APPEAL TO NEW CUSTOMERS

Learnings from CS5.5 Subscriptions Suites
\$65-129/month



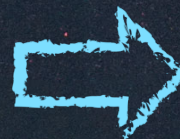
ATTRACTIVE PRICING

\$49.99-\$69.99
Creative Cloud monthly fee (annual purchase)



REWARD LOYALISTS

Priced to approximate cost paid by loyal frequent
upgraders of Design & Web Premium

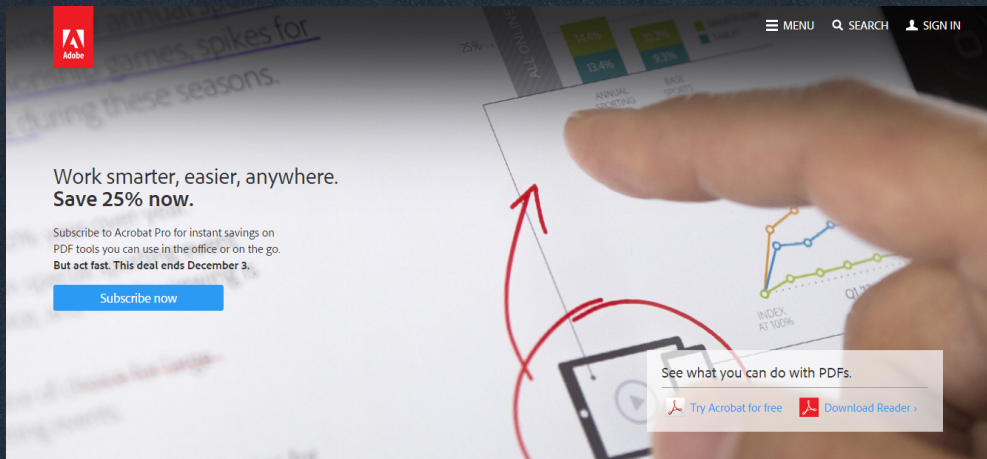


"INTRODUCTORY OFFER"

CS6 buyers \$19.99 (short-term special)
CS5 buyers \$29.99
1st year Creative Cloud monthly fee

Pricing key to success of follow-on product line decisions: Single App, Photography Bundle, Student

Adobe.com plays a key role in enabling us to interact and transact directly with a large portion of our customer base



Highlighted Creative Cloud, perpetual option less visible

Site experience now facilitates trials and buying Creative Cloud



Be Transparent

EMPLOYEES



INVESTORS



Adobe: Drowning Controversy with Transparency

-CITI RESEARCH

CUSTOMERS



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Explosive Results

+5X Stock Price

Aug 2011 to April 2017
Adobe ~\$23 to ~\$130

Adobe revenue
growth from
single digits to

20%

FY14-FY16 CAGR

Fastest transition to a
subscriber model the industry
has ever seen

+9m

Creative Cloud subscribers

More predictable
recurring revenues
from 19% in FY11 to

>60%

exiting FY14

Momentum

Kings
Pastaskola
med Stefano
Catenacci

"Adobe Has Nothing But
Blue Skies Ahead."

The Street

"Adobe Is Having Its Best Year
Ever: CEO."

SQUAWK
BOX

"Adobe's Transition From
Desktop To Cloud Pays Off."

Bloomberg

"These Are the 50 Best Places
to Work."

TIME



Adobe