



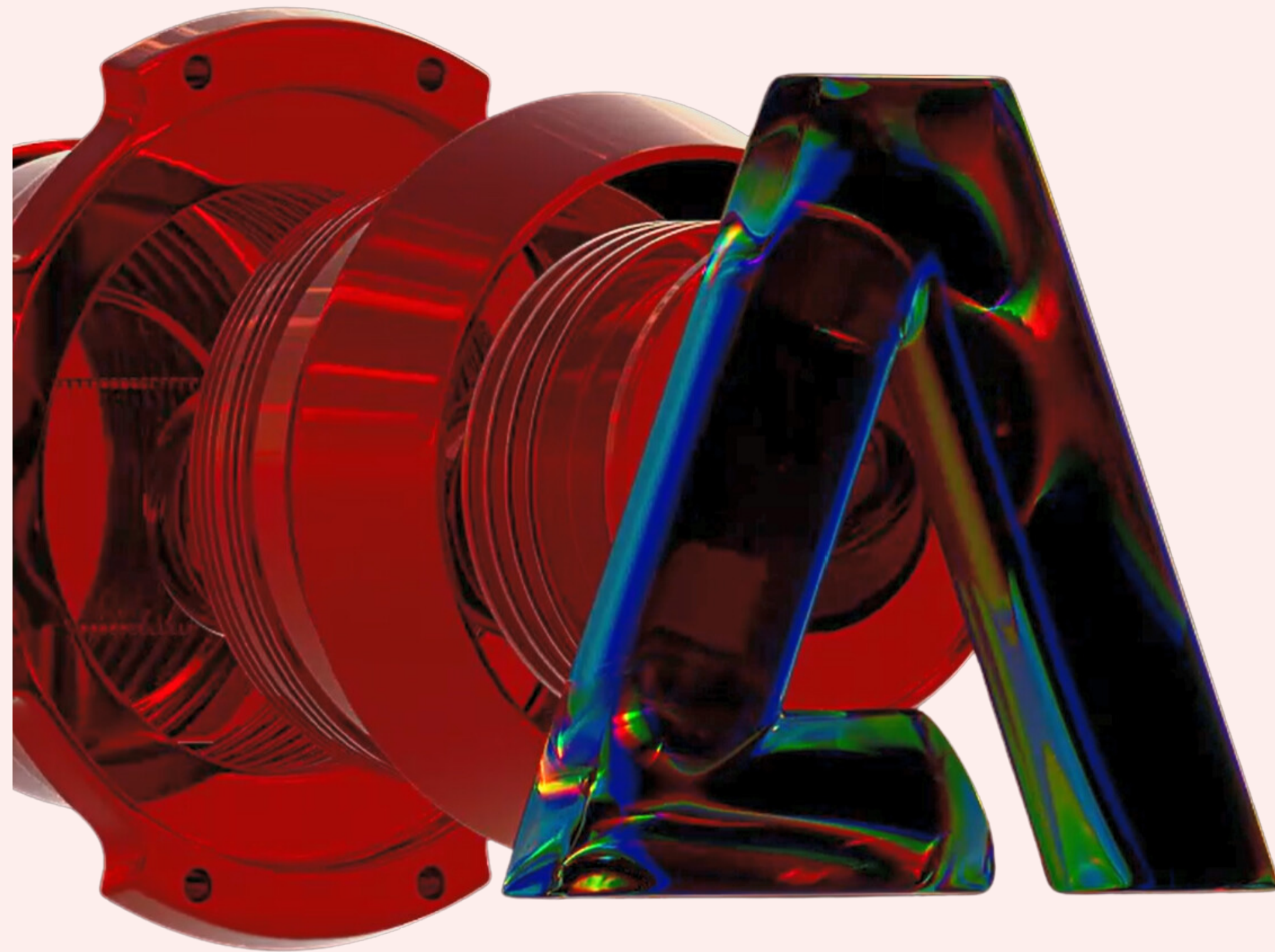
# **ADOBE Inc. Cloud Driven Transformation**

**Presented By - Utsav Seth**



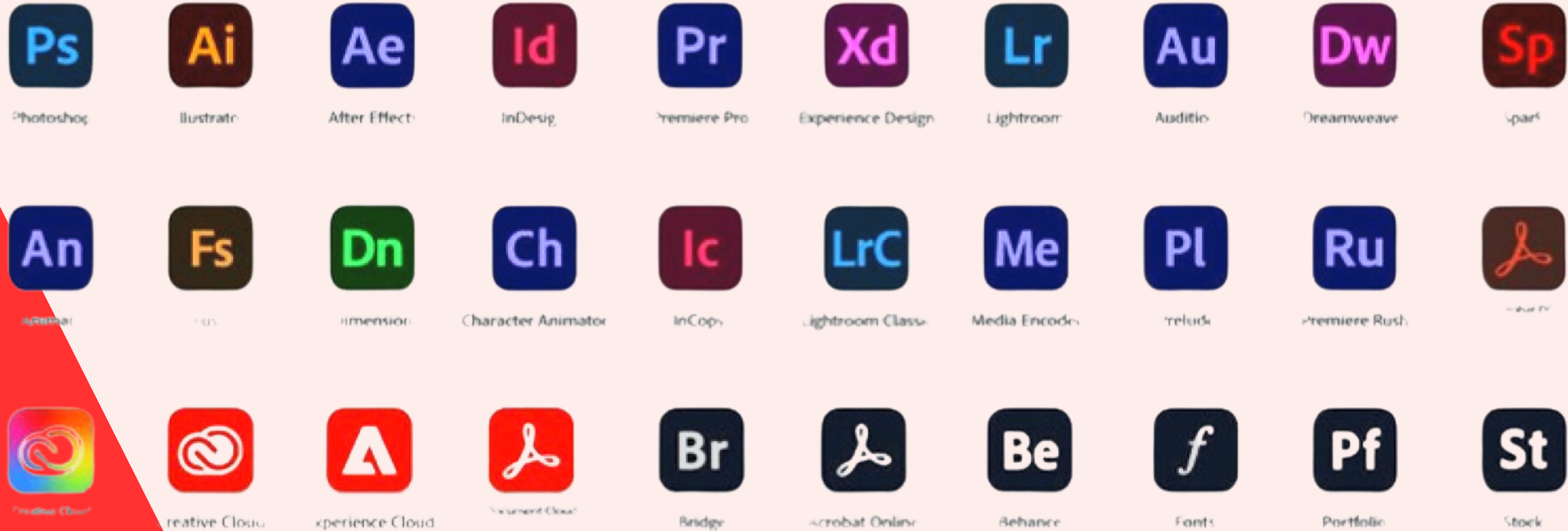
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# Executive Summary

- **From Software to Service: Adobe's Pre-Transformation Weak Signals**
- **Uncertain terrain of Adobe Inc.**
- **Economical and Competition: Primary External Drivers of Opportunities and Threats for Adobe**
- **Crafting the Creative Cloud Shift: Harnessing Economic Trends and Competitive Dynamics**
- **Embraced Organizational and Cultural Shifts to Fuel Disruptive Innovation and Sustained Growth**
- **Adobe's Strategic Initiatives: A Harmonized Focus on Maintenance, Improvement, and a Bold Leap into Extension and Reimagining the Creative Digital Space**
- **Strategic Vision: Elevating Core Offerings and Embracing Technology to Forge New Paths in Digital Creativity**
- **Revolutionizing the Core and Empowering People, Achieving Dual Transformation**
- **Embracing people's capability link through organizational changes**
- **Leverages Technology to Bridge the Capability Gap and Propel Market Leadership**
- **Adobe is effectively growing and reimagining its core business, with a strong focus on positive company culture during its transformation**
- **Evaluating Adobe's Transformation Triumphs: Cultural Evolution and Sustained Innovation Reinforce Architectural Strengths**



ABOUT COMPANY

**Changing the world  
through personalized  
digital experiences.**

Founded 40 years ago on the simple idea of creating innovative products that change the world, Adobe offers groundbreaking technology that empowers everyone, everywhere to imagine, create, and bring any digital experience to life.



# Create the future.

Creativity is in our DNA. We constantly look around the corner to see what is possible. But we don't wait for the future, we create it.

We are builders, makers, and inventors, driven by a deep empathy for our customers and users.

We are open-minded and celebrate new ideas. We have the courage to disrupt the market and ourselves through bold bets and ideas we turn into reality.

# Own the outcome.

We think and operate like owners. We take initiative, have a bias toward action, and assume ownership for end results, not just our part.

We are reliable and have clear points of view. We're decisive and learn from our mistakes.

# Raise the bar.

We aim high and we play to win. We relentlessly focus on execution, celebrate excellence and are intellectually honest about where we must do better.

We deliver both speed and quality by doing fewer things better. Our success is measured by the success of our customers and users.

# Be genuine.

The ability to be yourself is core to who we are. We embrace and respect diversity.

We support and challenge each other by being honest and direct. We always act with sincerity, integrity and the highest of ethics.

We do this for our employees, partners, customers and communities.

# From Software to Service: Adobe's Pre-Transformation Weak Signals

	Low Risk	Moderate Risk	High Risk
Customer Loyalty	Established loyalty from professionals using Adobe as the standard.		
Venture Investment		Start-ups and new ventures could have been exploring cloud-based solutions	
Policy changes		Emerging laws around digital rights could impact software distribution.	
Industry Entrant Activity		New entrants focusing on niche creative tools or offering subscription-based models	
Customer habit shift		Growing user preference for online collaboration tools and cloud storage.	
Business Model Innovation			Industry-wide move to SaaS, threatening traditional license sales models.
Profit Margins	Robust due to traditional licensing model.		

# Uncertain terrain of Adobe Inc.

## Shift in Software Delivery Model:

- A transition from one-time purchases to subscriptions is needed.
- Uncertainty around customer retention and revenue shift.

## Technology Advancements:

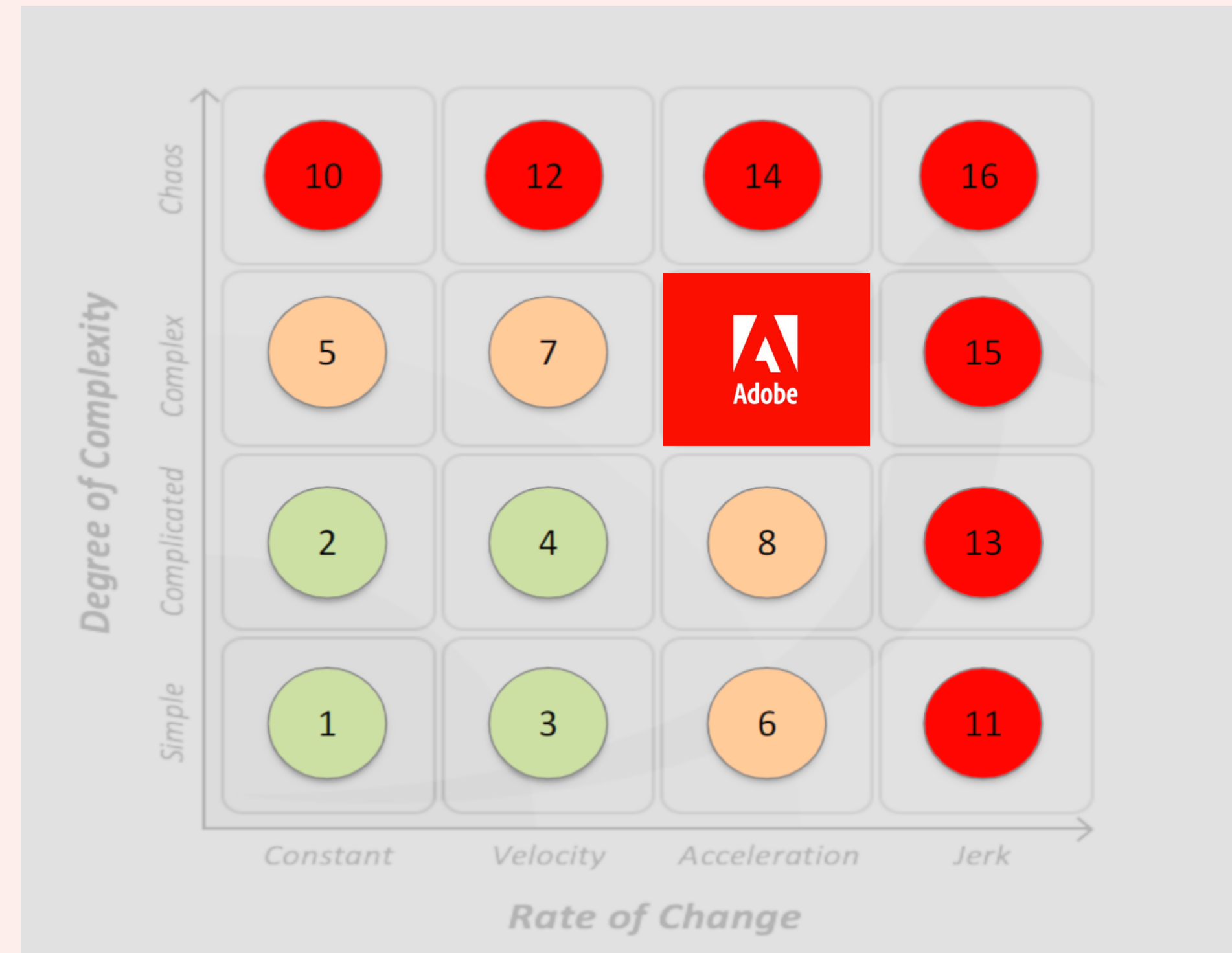
- Need to keep pace with rapid tech evolution.
- The rise of mobile devices necessitating software adaptability.

## Competitive Pressure:

- Growing cloud-based alternatives challenging market dominance.
- Pressure to modernize by companies like Microsoft, and SaaS startups to avoid being seen as outdated.

## Changing Consumer Expectations:

- Demand for software flexibility and accessibility increasing.
- Expectations for continuous updates and multi-device support rising.



# Economical and Competition: Primary External Drivers of Opportunities and Threats for Adobe

S

## Societal

- There was a growing trend towards digital collaboration and sharing.
- An increasing expectation for software to be regularly updated with the latest features

P

## Political

- Evolving global digital policies, including intellectual property and privacy concerns, especially in key markets like the EU and the USA
- Regulations surrounding software licensing and data security becoming more stringent.



## Economical

- The economic downturn increased the appeal of more cost-effective, subscription-based models.
- Companies and individuals were looking for ways to lower upfront costs for software.

E

## Environmental

- There was a growing emphasis on sustainability, reducing the appeal of physical product distribution.
- The move to cloud computing was seen as a way to decrease the carbon footprint associated with packaging and shipping software

D

## Demographics

- The younger demographic was more comfortable with cloud services and subscription models.
- The professional landscape was being reshaped by millennials and Gen Z, who favored access over ownership



## Competition

- Competitors were rapidly adopting cloud-based SaaS models, offering frequent updates, and innovative features.
- The presence of agile start-ups and tech giants moving to the cloud created a sense of urgency.

# Crafting the Creative Cloud Shift: Harnessing Economic Trends and Competitive Dynamics



## Drivers

- Increasing Market Demand.
- Technological advancements in the creative software domain.
- Customer expectations for seamless digital experiences



## Opportunities

- Expansion of cloud services.
- Stable, recurring revenue from subscriptions.
- Creating Cross-Platform Integration
- Growing E-commerce adoption



## Threats

- Cybersecurity Risks.
- Rapid technological Change.
- Concerns over regulatory Compliance.
- Maintaining customer retention.
- Rising competition from cloud-based SaaS solutions.



## Strategic Response

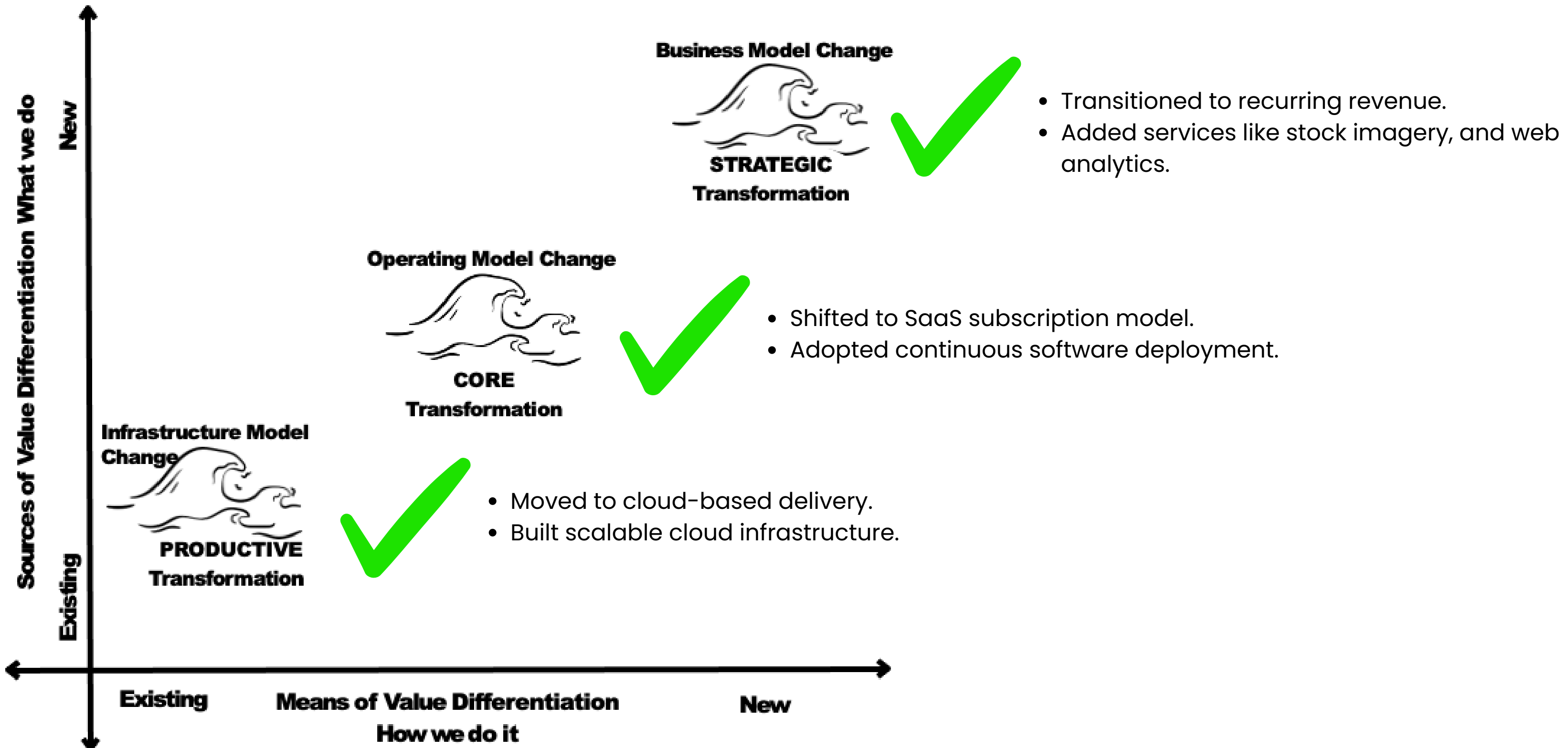
- Launched Adobe Creative Cloud for subscription-based access.
- Invested in robust cloud infrastructure for improved service delivery.
- Enhanced customer experience with frequent updates and collaborative features.



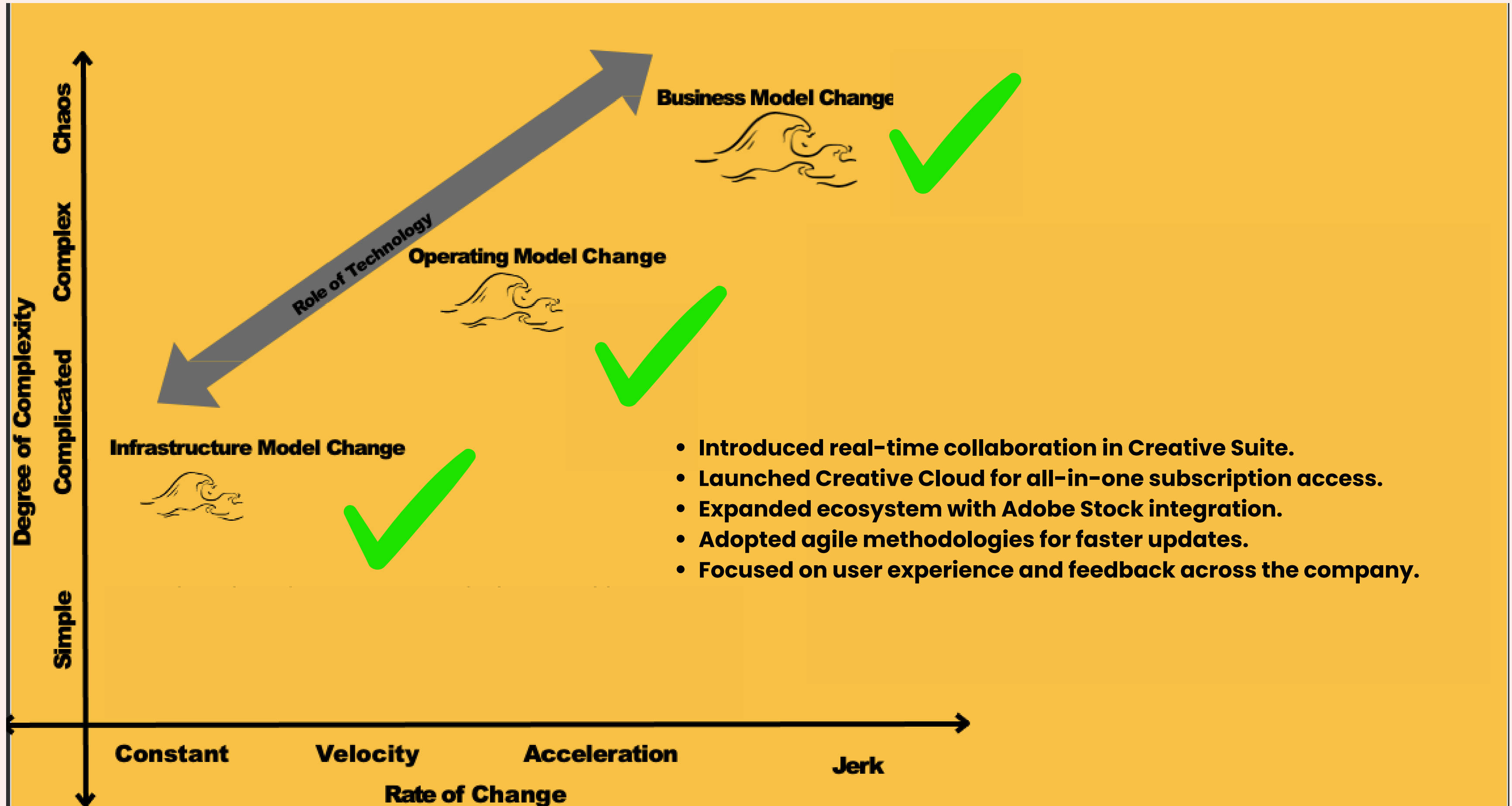
# Adobe Embraced Organizational and Cultural Shifts to Fuel Disruptive Innovation and Sustained Growth

## Transformation to change its Business Model

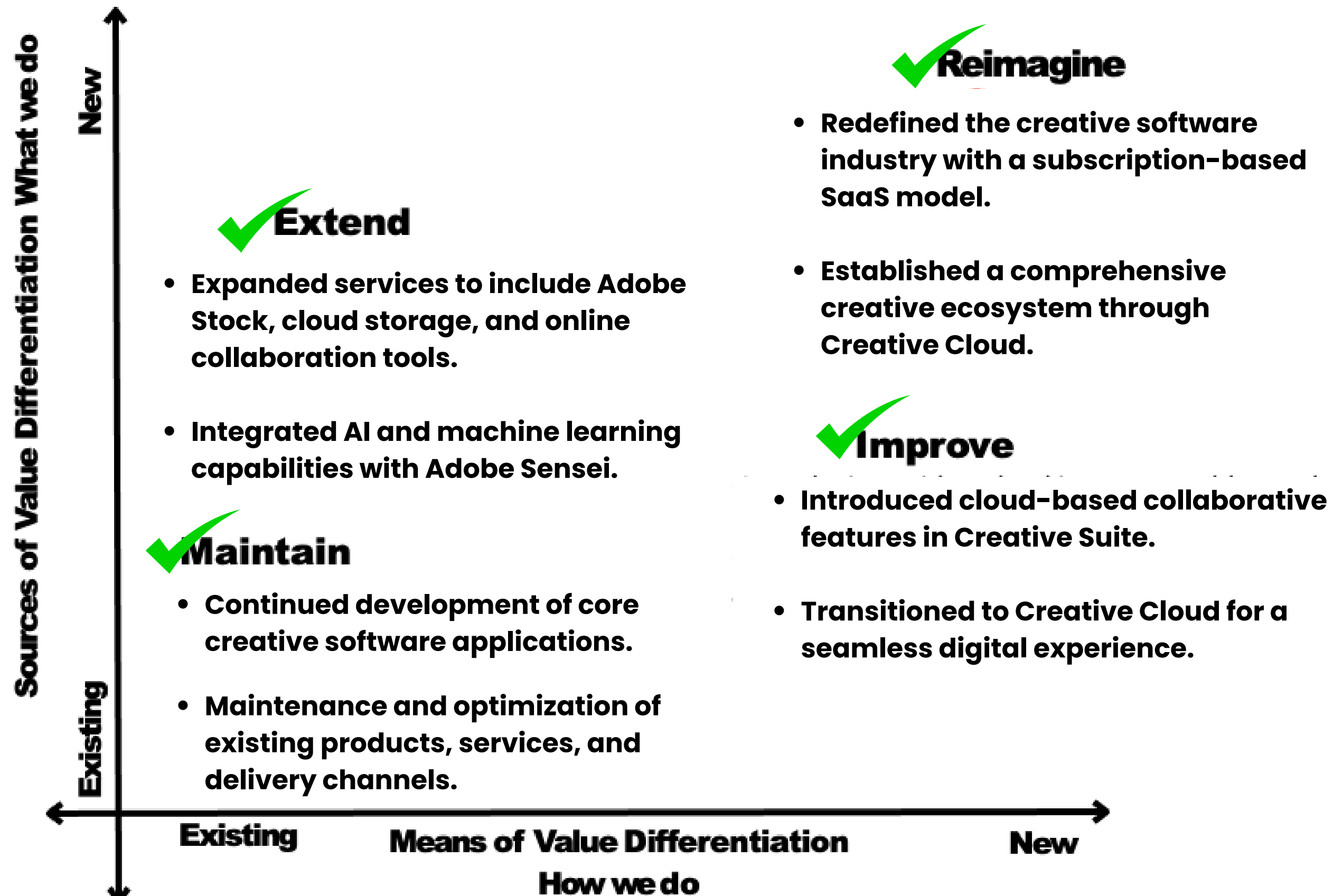
### Transformation Domains



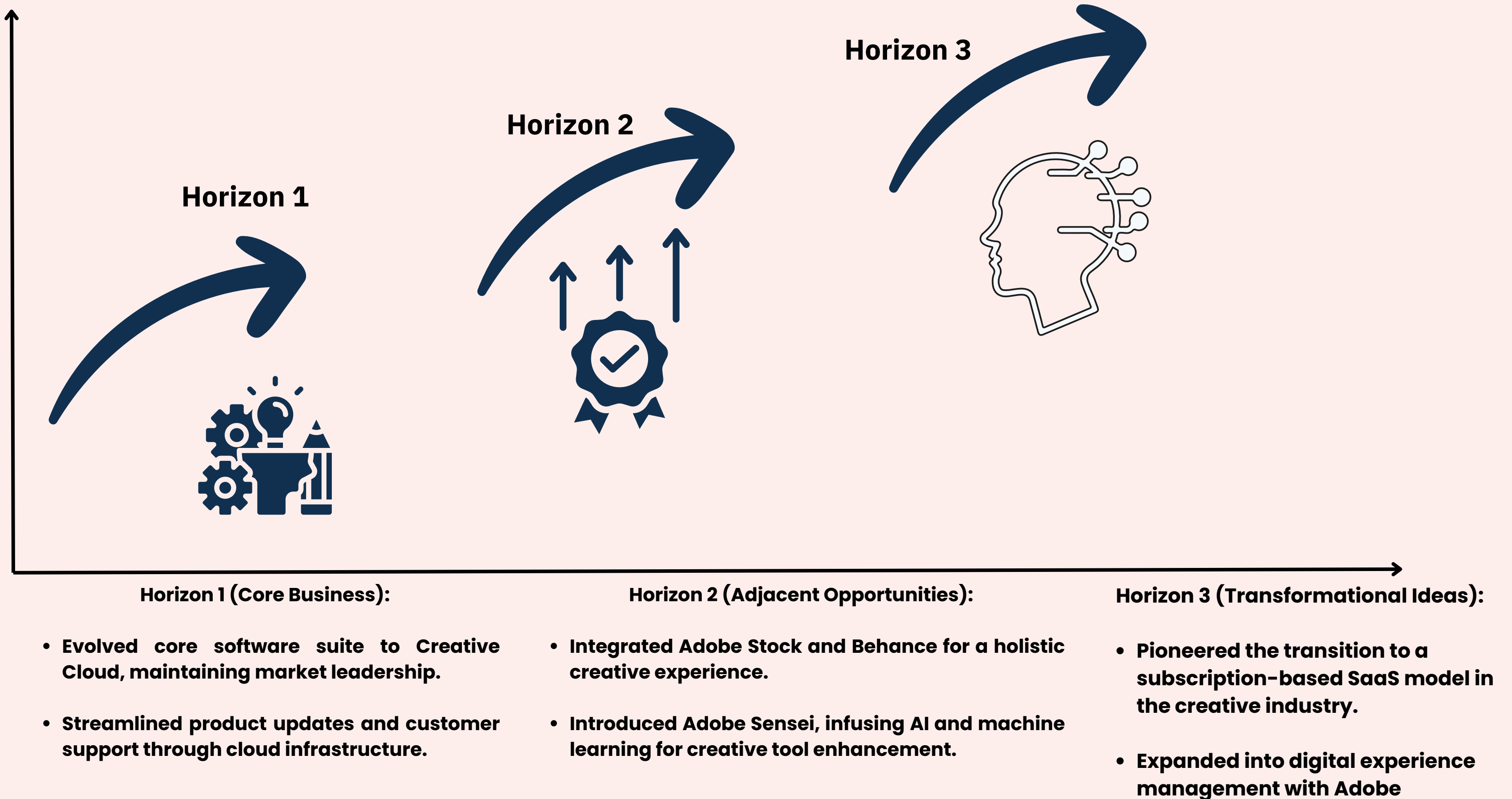
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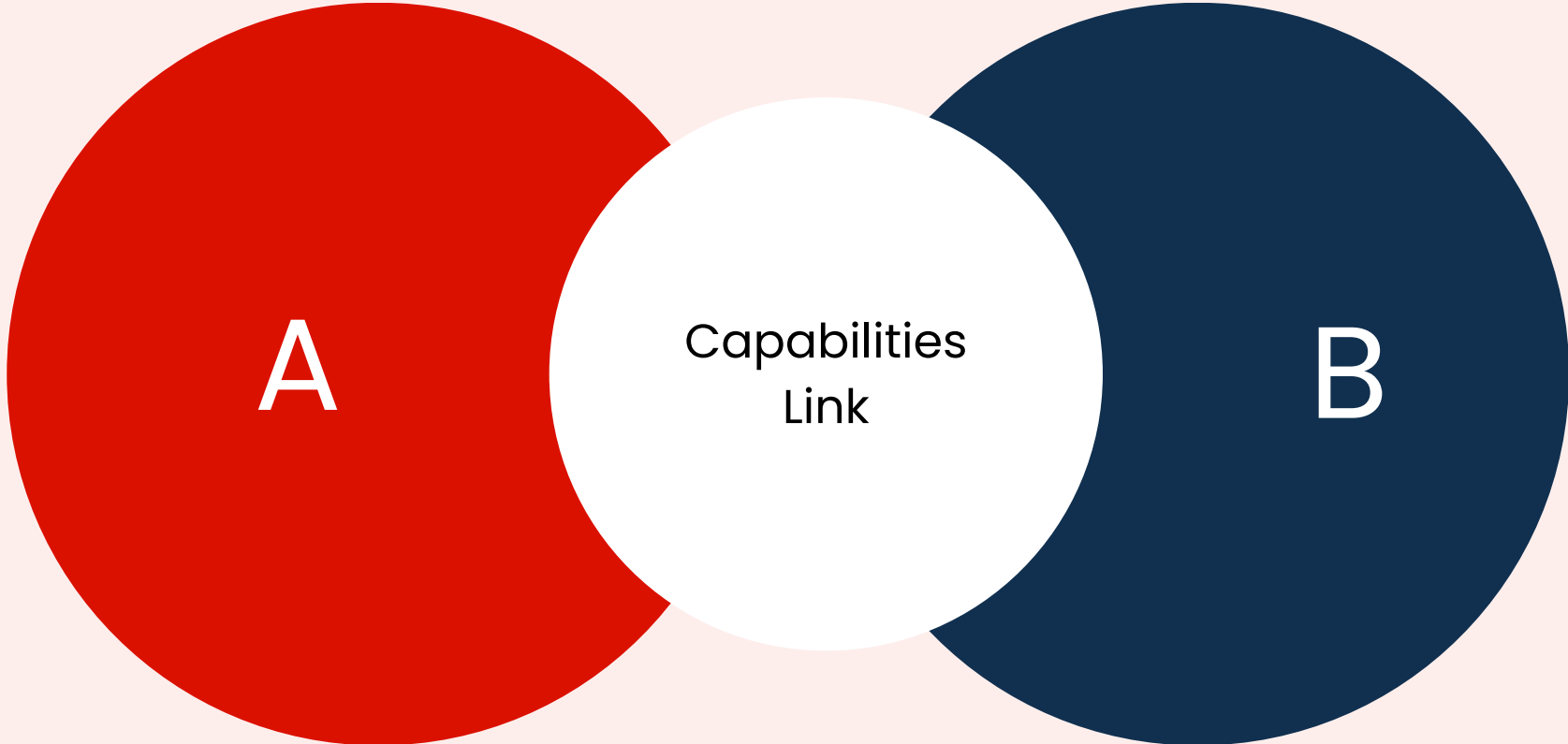
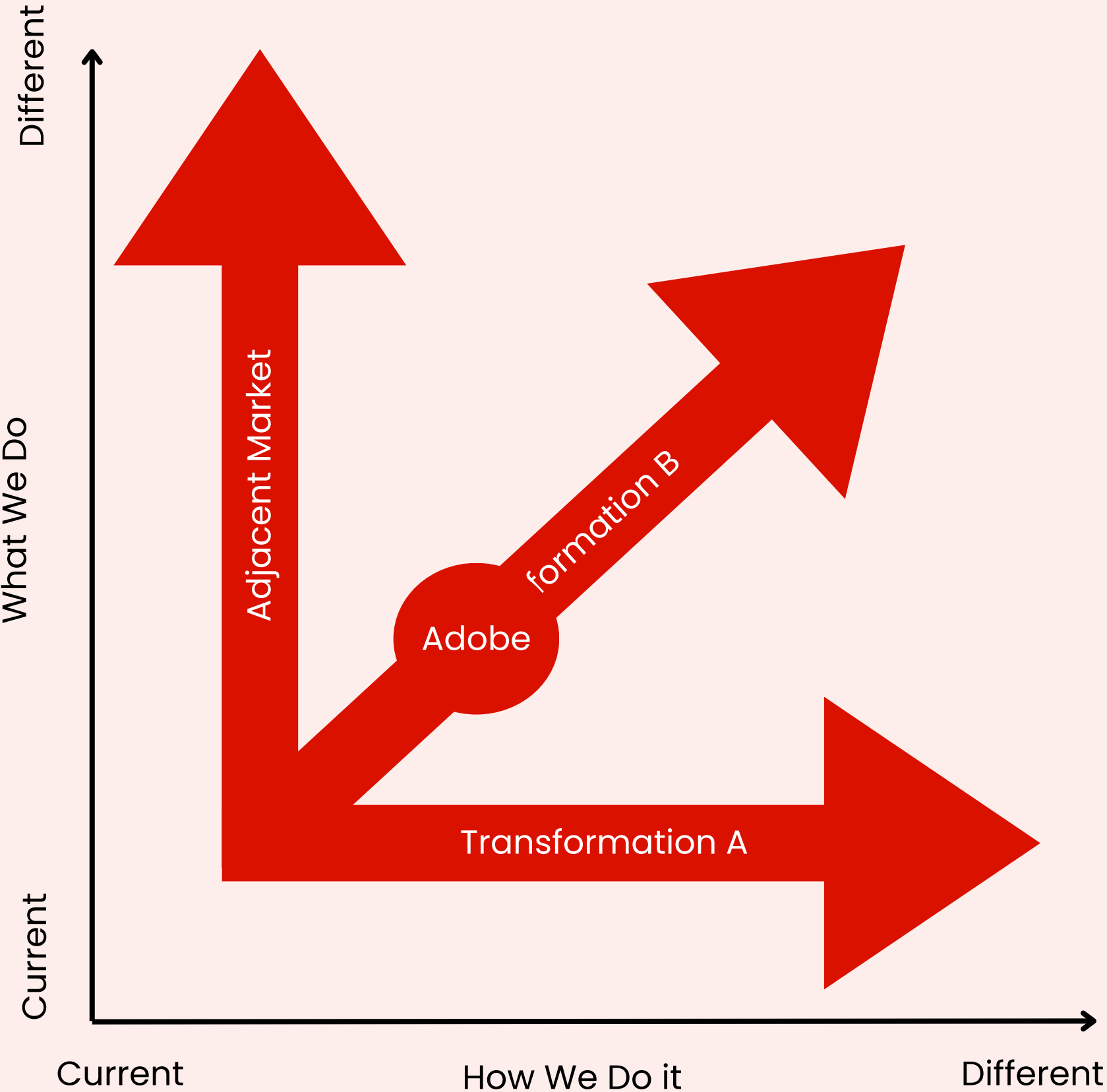


# Adobe's Strategic Vision: Elevating Core Offerings and Embracing Technology to Forge New Paths in Digital Creativity





# Adobe: Revolutionizing the Core and Empowering People, Achieving Dual Transformation



**Transformation A**

- Nurtured talent towards technological mastery.
- Transitioned core products to Creative Cloud.

**Heavy Emphahsis on Capabilities Link**

Invested in innovation and employee skill development for cloud-based services.

**Transformation B**

- Launched integrated services (Adobe Stock, Experience Cloud).
- Creative Cloud became the new engine for growth.

# Adobe embracing people capability link through organizational changes



## **Recognizing the need for cultural change:**

Adobe recognized that innovation is as much about culture as it is about technology, fostering a culture of continuous learning and creativity.



## **Bold leadership actions:**

Leadership steered Adobe towards a future-oriented vision, with a commitment to transforming the core business through Creative Cloud.



## **Embracing new ways of working**

Transitioned to agile and cross-functional teams, enhancing collaboration and speeding up the innovation process.



## **Capability building:**

Adobe launched the Adobe Digital Academy to upskill employees and diversify the tech workforce.



## **Measuring progress**

Focused on customer satisfaction and product improvement as metrics for progress.

# Adobe Leverages Technology to Bridge the Capability Gap and Propel Market Leadership

## PEOPLE

- Championed a culture shift towards continuous innovation and agile methodologies.
- Teams pivoted to roles focused on cloud-based solutions, embodying the digital shift.
- Cultivated a sense of empowerment, crucial for the adoption of a cloud-first strategy.

## STRUCTURES

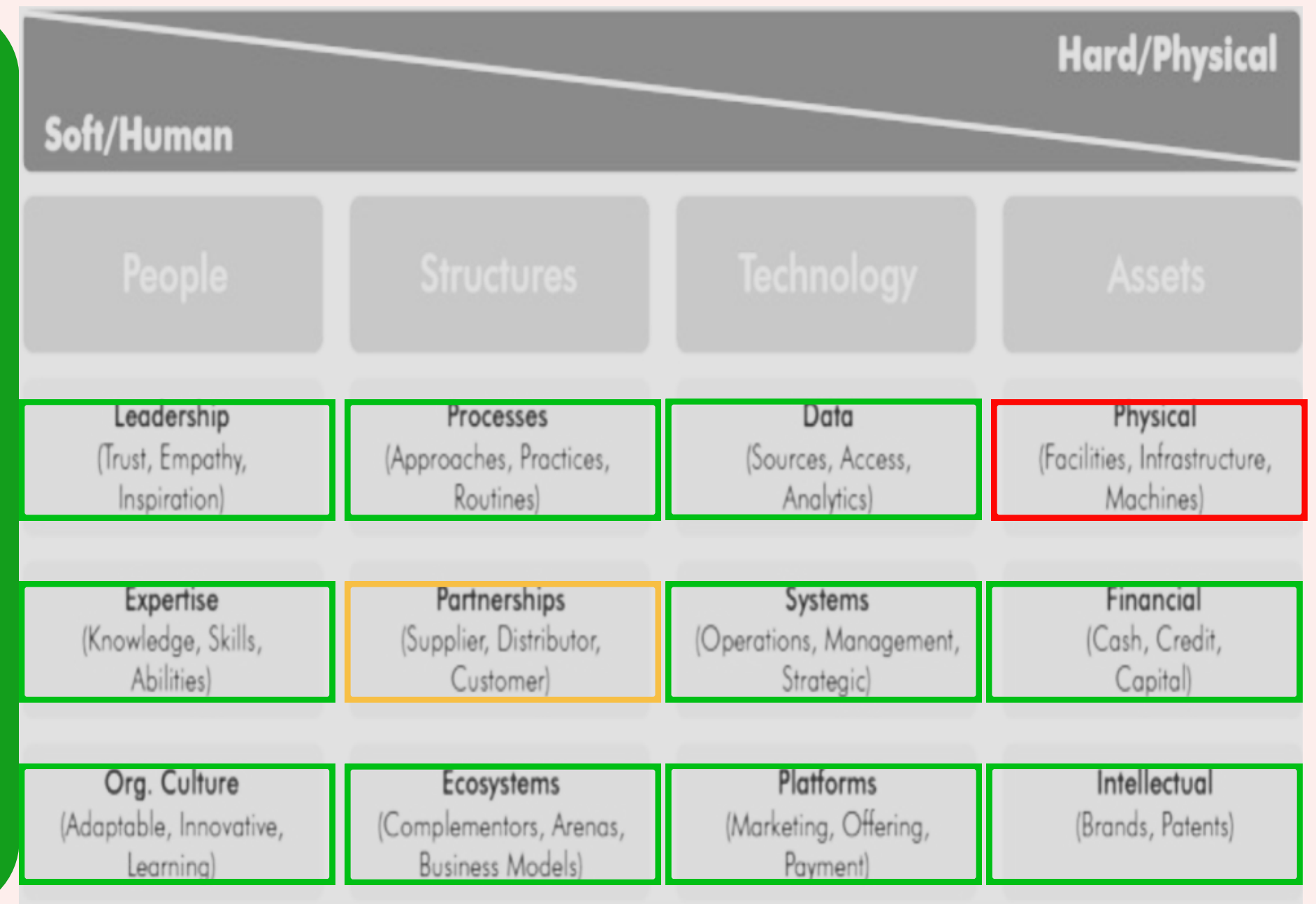
- Refined organizational structures to align with cloud operations and global scalability.
- Fostered an environment that supports agile practices for nimble product evolution.

## TECHNOLOGY

- Built a state-of-the-art cloud infrastructure as the backbone for Creative Cloud.
- Leveraged data analytics to inform product direction and enhance user engagement.

## ASSETS

- Shifted product strategy from perpetual licenses to a service-based model, maximizing the intellectual property value.
- Subscription-based revenue streams led to financial stability and growth, but physical assets became less relevant.



# Touchstone 1: Winning Vision and strategy steps

## Drivers for Change

- Shift from boxed software to a subscription-based cloud model.
- Emphasis on continuous innovation and digital creativity.

## Transformation Leader

- Leadership fostered a culture of trust and innovation.
- Embraced a holistic approach with the launch of Creative Cloud.

## Leadership Involvement

- Executive leadership actively involved in the transition strategy.
- Direct engagement with teams to guide and explain changes.

## North Star Vision

- Seamless creative workflow with Creative Cloud.
- Improve user experience, evidenced by customer satisfaction scores.

## Aspiration and Direction

- Clear objectives aligned with the transition to cloud services.
- Empowerment of teams to drive cloud-first initiatives.

## Leaders Drive through Change

- Roles for supporting team autonomy and skills development introduced.
- Focus on customer satisfaction and organizational agility.

## North Star Strategy

Concrete measures of transformation, such as subscription rates and cloud service adoption, were evident.

## No Strategic and Measurable outcomes

Adobe established clear KPIs around Creative Cloud adoption and revenue growth.



# Touchstone 2: Engage and Empower the team



## Dedicated Transformation Team

A central team led Adobe's shift to a cloud-based model, ensuring alignment with the company's strategic vision.



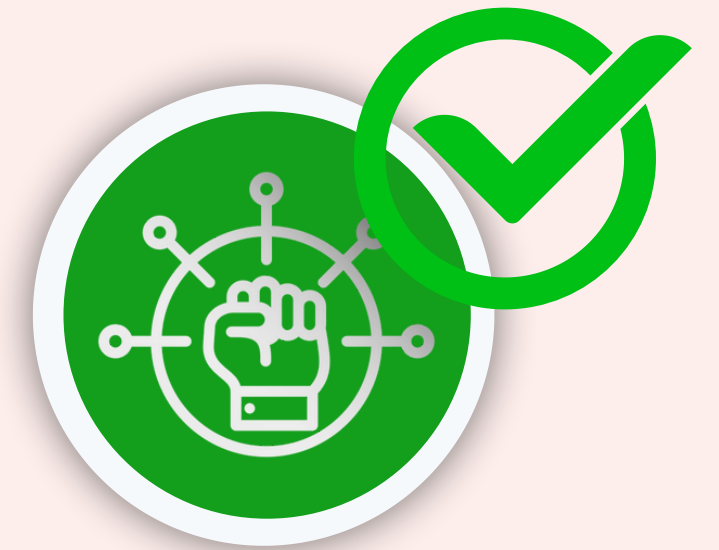
## Empowering Self-organizing teams

Adobe encouraged teams to self-organize, promoting responsibility and ownership in cloud service development and management.



## Centralized team and skill coaches

Adobe established roles to support skill development and facilitate cloud adoption, but may not have used a centralized coaching model as described



## Autonomy and Empowerment

Teams within Adobe were empowered with the autonomy to innovate and drive the Creative Cloud transformation, fostering a dynamic and agile work environment.

# Touchstone 3: Transformation Is Driven by Customer Needs and Trends



## **Monitoring megatrends and competitor moves**

Adobe stays ahead by closely tracking digital media trends and competitor strategies.



## **Customers are involved in the strategic initiatives**

Users played a key role in shaping Adobe's strategic initiatives through feedback on Creative Cloud.



## **Potential strategic initiatives to disrupt**

Adobe consistently seeks and implements disruptive initiatives like AI in Adobe Sensei.



## **Quick-win transformation opportunities identified**

Identified and capitalized on quick wins, such as immediate access to updates and collaborative features in Creative Cloud.

# Touchstone 4: Secondary Agility-Oriented Operating Structure for Strategic Initiatives

## Governance and Program Management

Adobe's governance was well-aligned with its cloud-based transformation, promoting cross-functional team collaboration.



## Focus on RRTs, test and learn, R&D and innovation

Adobe placed emphasis on rapid innovation, evidenced by the iterative development and frequent updates of Creative Cloud.

## Venture-Capital approach

Adobe's Kickbox program embodies a venture-capital mindset, empowering employees to innovate and develop new ideas with a startup-like approach.



## Iterative Validation Mechanisms

Kickbox includes iterative validation, as employees test and develop their ideas before pitching for further funding.

# Touchstone 5: Strategic Evaluation and Sustenance of Ongoing Transformation Efforts

## Successful Strategic Alignment and Champion Empowerment in ABN AMRO's Transformation

- Adobe's transition to a subscription-based model was driven by strategic alignment with market demands for accessibility and continuous updates.
- Champions of innovation within Adobe, such as teams behind Adobe Creative Cloud and Adobe Sensei, were empowered to lead and execute transformative ideas.



## Recognition and Resource Management in Adobe's Transformation Journey

- Adobe's Kickbox program is an example of recognizing and resourcing employee-driven innovation.
- The allocation of resources toward cloud infrastructure and regular feature updates demonstrates Adobe's commitment to maintaining operational excellence while driving transformation.

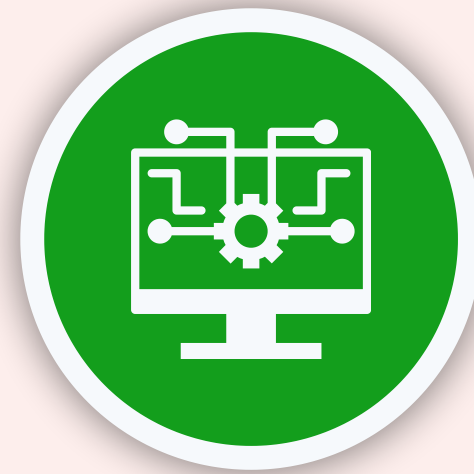


# Adobe is effectively growing and reimagining its core business, with a strong focus on positive company culture during its transformation



## Implementing Agile Structure

Transitioned to an agile organizational model to streamline product development and delivery for Creative Cloud.



## Improving Customer Experience

Enhanced customer experience by streamlining the Creative Suite to Creative Cloud transition and providing continuous updates and support.



## Driving Higher Performance

Measurable improvements seen in user subscription growth, retention rates, and satisfaction scores due to the cloud model adoption.



## Enabling Quick Pivots

Agile structure allowed rapid adaptation to market demands and user feedback, exemplified by the swift deployment of new features and tools.

# Evaluating Adobe's Transformation Triumphs: Cultural Evolution and Sustained Innovation Reinforce Architectural Strengths

Adobe's transformation, characterized by its shift to **agile cloud-based systems** and a **culture of continuous innovation**, demonstrates a **strong alignment with strategic initiatives**. Their model showcases:

- Integrated processes that match the velocity of market dynamics and customer demands.
- Systematic prioritization of initiatives based on value potential.
- Efficient reallocation of resources to drive the most impactful projects.

Adobe's foundational changes are bolstered by a **robust operating model, ensuring sustained transformation**. The company's **architectural agility and cultural vibrancy** are key indicators for investor confidence:

Adobe's operating model and innovative culture signal an ongoing potential for growth and shareholder value. **GCI is well-positioned to invest in Adobe (YES)**, given its proven track record of leveraging cultural shifts and architectural supports to maintain market leadership and deliver on strategic objectives.

# Thank You