



Adobe Annual Report 2016

Form 10-K (NASDAQ:ADBE)

Published: January 19th, 2016

PDF generated by stocklight.com



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **November 27, 2015**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **0-15175**

ADOBE SYSTEMS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0019522
(I.R.S. Employer
Identification No.)

345 Park Avenue, San Jose, California 95110-2704

(Address of principal executive offices)

(408) 536-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.0001 par value per share	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock, \$0.0001 par value per share, held by non-affiliates of the registrant on May 29, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was \$31,964,797,377 (based on the closing sales price of the registrant's common stock on that date). Shares of the registrant's common stock held by each officer and director and each person who owns 5% or more of the outstanding common stock of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. As of January 15, 2016, 498,330,407 shares of the registrant's common stock, \$0.0001 par value per share, were issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2016 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the end of the fiscal year ended November 27, 2015, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

ADOBE SYSTEMS INCORPORATED
FORM 10-K

TABLE OF CONTENTS

	<u>Page No.</u>
PART I	
Item 1. Business	3
Item 1A. Risk Factors	18
Item 1B. Unresolved Staff Comments	30
Item 2. Properties	30
Item 3. Legal Proceedings	32
Item 4. Mine Safety Disclosures	32
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	33
Item 6. Selected Financial Data	34
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	35
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	55
Item 8. Financial Statements and Supplementary Data	58
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	105
Item 9A. Controls and Procedures	105
Item 9B. Other Information	105
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	105
Item 11. Executive Compensation	105
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	105
Item 13. Certain Relationships and Related Transactions, and Director Independence	106
Item 14. Principal Accounting Fees and Services	106
PART IV	
Item 15. Exhibits, Financial Statement Schedules	106
Signatures	107
Summary of Trademarks	109
Index to Exhibits	110

Forward-Looking Statements

In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements, including statements regarding product plans, future growth, market opportunities, strategic initiatives, industry positioning, customer acquisition, the amount of recurring revenue and revenue growth. In addition, when used in this report, the words “will,” “expects,” “could,” “would,” “may,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “targets,” “estimates,” “looks for,” “looks to,” “continues” and similar expressions, as well as statements regarding our focus for the future, are generally intended to identify forward-looking statements. Each of the forward-looking statements we make in this report involves risks and uncertainties that could cause actual results to differ materially from these forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section entitled “Risk Factors” in Part I, Item 1A of this report. You should carefully review the risks described herein and in other documents we file from time to time with the U.S. Securities and Exchange Commission (the “SEC”), including our Quarterly Reports on Form 10-Q to be filed in 2016. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document, except as required by law.

PART I

ITEM 1. BUSINESS

Founded in 1982, Adobe Systems Incorporated is one of the largest and most diversified software companies in the world. We offer a line of products and services used by creative professionals, marketers, knowledge workers, application developers, enterprises and consumers for creating, managing, delivering, measuring, optimizing and engaging with compelling content and experiences across multiple operating systems, devices and media. We market and license our products and services directly to enterprise customers through our sales force and to end users through app stores and our own website at www.adobe.com. We offer many of our products via a Software-as-a-Service (“SaaS”) model or a managed services model (both of which are referred to as a hosted or cloud-based model) as well as through term subscription and pay-per-use models. We also distribute certain products and services through a network of distributors, value-added resellers (“VARs”), systems integrators (“SIs”), independent software vendors (“ISVs”), retailers, software developers and original equipment manufacturers (“OEMs”). In addition, we license our technology to hardware manufacturers, software developers and service providers for use in their products and solutions. Our products run on personal and server-based computers, as well as on smartphones, tablets and other devices, depending on the product. We have operations in the Americas, Europe, Middle East and Africa (“EMEA”) and Asia-Pacific (“APAC”). See Note 18 of our Notes to Consolidated Financial Statements for further geographical information.

Adobe was originally incorporated in California in October 1983 and was reincorporated in Delaware in May 1997. We maintain executive offices and principal facilities at 345 Park Avenue, San Jose, California 95110-2704. Our telephone number is 408-536-6000 and our website is www.adobe.com. Investors can obtain copies of our SEC filings from this site free of charge, as well as from the SEC website at www.sec.gov. The information posted to our website is not incorporated into this Annual Report on Form 10-K.

BUSINESS OVERVIEW

For over 30 years, Adobe’s innovations have transformed how individuals, businesses and governments interact. Across these markets, we help our customers create and deliver the most compelling experiences in a streamlined workflow, and optimize those experiences for greater return on investment. Our solutions turn ordinary interactions into valuable digital experiences, across media and devices, anywhere, anytime.

While we continue to offer a broad portfolio of products and solutions, we focus our investments in two strategic growth areas:

Digital Media—providing tools, services and solutions that enable individuals, small and medium businesses and enterprises to create, publish and promote their content anywhere. Our customers include content creators, web designers, app developers and digital media professionals, as well as management in marketing departments and agencies, companies and publishers. Our customers also include knowledge workers who create, collaborate and distribute documents. This is the core of what we have delivered for over 25 years, and we have evolved our business model rapidly to provide these customers with a more complete and integrated workflow across the variety of new devices, formats and business models that continue to emerge.

Digital Marketing—providing solutions and services for creating, managing, executing, measuring and optimizing digital advertising and marketing campaigns across multiple channels. Our customers include marketers, advertisers, agencies, publishers, merchandisers, web analysts, marketing executives, information management executives, product development executives, and

sales and support executives. We process over forty trillion data transactions a year via our SaaS products, providing our customers with analytics, social, targeting, media optimization, digital experience management, cross-channel campaign management, audience management and video solutions. This complements our digital media franchise, bringing together the art of creating and managing content with the science of measuring and optimizing it, enabling our customers to achieve their optimal business outcomes.

We believe we are uniquely positioned to be a leader in both the Digital Media and Digital Marketing categories, where our mission is to change the world through digital experiences. By integrating products from each of these two areas of Adobe's business, our customers are able to utilize a comprehensive suite of solutions and services that no other entity currently offers. In addition, our ability to deliver innovation and productivity improvements across customer workflows involving the creation, management, delivery, measurement and optimization of rich and engaging content favorably positions Adobe as our customers invest more to engage their constituents digitally.

SEGMENTS

Our business is organized into three reportable segments: Digital Media, Digital Marketing and Print and Publishing. These segments provide Adobe's senior management with a comprehensive financial view of our key businesses. Our segments are aligned around the company's two strategic growth opportunities described above, placing our Print and Publishing business in a third segment that contains many of our mature products and solutions.

This overview provides an explanation of our markets and a discussion of strategic opportunities in fiscal 2016 and beyond for each of our segments. See "Results of Operations" within Part II, Item 7 titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 18 of our Notes to Consolidated Financial Statements for further segment information.

PRODUCTS AND SERVICES OVERVIEW

Digital Media

Digital Media Opportunity

Recent trends in digital communications continue to provide a significant market opportunity for Adobe in digital media. Due to the increase in mobile computing, rich media consumed in digital environments and the rise of online social communities, the demand for digital media solutions to create engaging online experiences is higher than ever. Adobe is in a unique position to capitalize on this opportunity by delivering rapid innovation to increase our customer reach, deepen engagement with communities and accelerate long-term revenue growth by focusing on cloud-based offerings, which are licensed on a subscription basis.

The flagship of our Digital Media business is Creative Cloud—a subscription service that allows members to download and install the latest versions of our creative products such as Adobe Photoshop, Adobe Illustrator, Adobe Premiere Pro, Adobe Photoshop Lightroom and Adobe InDesign. Creative Cloud members can also access a growing marketplace of digital content through Adobe Stock, a leading online marketplace for photos, graphics and videos. Creative Cloud also offers members access to online services to sync, store, and share files, participate in our Behance community of more than five million creative professionals, publish and deliver digital content via app stores, develop mobile apps, and create and manage websites. Adobe is redefining the creative process with Creative Cloud so that our customers can obtain everything they need to create, collaborate and deliver engaging digital content.

Creative Cloud addresses the needs of creative professionals including graphic designers, production artists, web designers and developers, user interface designers, videographers, motion graphic artists, prepress professionals, video game developers, mobile application developers, students and administrators. They rely on our solutions for publishing, web design and development, video and animation production, mobile app and gaming development and document creation and collaboration. End users of our creative tools work in businesses ranging from large publishers, media companies and global enterprises, to smaller design agencies, small and medium-sized businesses and individual freelancers. Moreover, our creative products are used to create much of the printed and online information people see, read and interact with every day, including video, animation, mobile and advertising content. Knowledge workers, educators, hobbyists and consumers also use our products to create and deliver creative content.

In addition to Creative Cloud, our Digital Media business offers many of the products included in Creative Cloud on a standalone basis, including subscriptions to the Creative Cloud version of certain point products, and also offers a range of other creative tools and services, including our hobbyist products such as Adobe Photoshop Elements and Adobe Premiere Elements, Adobe Digital Publishing Solution (formerly Adobe Digital Publishing Suite), Adobe Typekit and mobile apps such as Adobe Photoshop Mix, Adobe Photoshop Sketch, Adobe Photoshop Fix and Adobe Premiere Clip that run on tablets and mobile devices. Further descriptions of our Digital Media products are included below under "Principal Products and Services".

Adobe's Digital Media segment also includes our Document Cloud business, built around our Acrobat family of products, the Adobe Acrobat Reader and a set of integrated cloud-based document services. For over twenty years, Adobe Acrobat has provided for the reliable creation and exchange of electronic documents, regardless of platform or application source type. Users can collaborate on documents with electronic comments and tailor the security of a file in order to distribute reliable Adobe PDF documents that can be viewed, printed or filled out utilizing our free Adobe Acrobat Reader. Acrobat provides essential electronic document capabilities and services to help knowledge workers accomplish a wide range of tasks ranging from simple publications and forms to mission-critical engineering documentation and architectural plans. With our Acrobat product and its innovative cloud services, we have extended the capabilities of our solution. Users can take advantage of electronic document signing with Adobe eSign (formerly EchoSign) and manage, track and control documents through Adobe Send & Track.

Digital Media Strategy

Our goal is to be the leading provider of tools and services that allow individuals, small and medium businesses and enterprises to create, publish and monetize their content anywhere.

Creative Cloud, a subscription service with competitive monthly pricing, is attractive to users of older versions of our products who desire to use our latest releases and services, but who in the past have been unwilling to upgrade to newer versions due to price sensitivity. Similarly, as we gain new customers, we expect to continue to drive new user adoption of our creative business over the next several years outside of our core creative professional target market because of Creative Cloud's attractive monthly subscription pricing combined with the strong brand of our creative products and the broad value proposition provided by Creative Cloud. We anticipate that our sustained focus on a subscription model will continue to increase the amount of our recurring revenue that is ratably reported, driven by broader Creative Cloud adoption over the next several years.

To accelerate the adoption of Creative Cloud, we have focused on migrating existing users of our creative products from perpetual licenses to a subscription-based offering, as well as driving new customer adoption. Aspects of this strategy include: focusing future innovation by our engineering teams on delivering new cloud-based functionality, such as Creative Cloud Libraries and Adobe CreativeSync, to enable our customers to use our creative tools and services across a variety of devices in ways that are not possible with previous desktop versions; integrating Creative Cloud with our Adobe Stock online marketplace offerings; increasing the value of Creative Cloud by delivering frequent product updates and enhancements to subscribers to address their content creation challenges; using promotions to attract customers to the offering; expanding our go-to-market reach through channel partners to reach new customers; and utilizing Creative Cloud for teams and Creative Cloud for enterprise offerings to drive broad adoption with customers who license our products in volume.

As part of our Creative Cloud strategy, we utilize our digital marketing solutions to drive customer awareness of our creative products and increase sales of our products through our website and across other channels. Adobe.com is increasingly becoming the destination site where we engage individual and small business customers to sign up for and renew Creative Cloud subscriptions. We utilize channel partners to target mid-size creative customers with our Creative Cloud for teams offering. Our direct sales force is focused on building relationships with our largest customers and driving adoption of our Creative Cloud for enterprise offering.

In our Document Cloud business, although Acrobat has achieved strong market adoption in document-intensive industries such as government, financial services, pharmaceutical, legal, aerospace, insurance and technical publishing, we believe there are tens of millions of users who still need the capabilities provided by Acrobat. We plan to continue to market the benefits of our Document Cloud solutions, combined with the low entry point of subscription-based pricing, to individuals as well as small and medium-sized businesses, large enterprises and government institutions around the world and increase our seat penetration in these markets through the utilization of our corporate and volume licensing programs. We also intend to increase our focus on marketing and licensing Acrobat in targeted vertical markets such as education, financial services, telecommunications and government, as well as on expanding into emerging markets, while simultaneously enhancing and building out the delivery of cloud-based document services to our Acrobat and Adobe Acrobat Reader users. We intend to continue to promote the capabilities of our cloud-based document solution, such as its integration with users' Dropbox documents, to millions of Acrobat users and hundreds of millions of Adobe Acrobat Reader users. Our Adobe eSign services provide a green alternative to costly paper-based solutions, and are an easier way for customers to manage their contract workflows. We believe that by growing the awareness of eSign services in the broader contract delivery and signing market and continuing to add new capabilities to this offering, we can help our customers migrate away from paper-based express mailing and adopt our solution, growing our revenue with this business in the process.

Digital Marketing

Digital Marketing Opportunity

Consumers today increasingly demand personalized content and experiences in their online interactions, across multiple channels and devices. As a result, any business or entity with an online presence must figure out how to best attract, engage, acquire and retain customers in a world where the reach and quality of experiences directly impacts success. Delivering the best experience

to a consumer at a given moment requires the right combination of data, insights and content. Marketing executives are increasingly demanding solutions that optimize their consumers' experiences and deliver the greatest return on their marketing spend so they can demonstrate the success of their programs using objective metrics.

We believe there is a significant opportunity to address these challenges and help customers transform their businesses. Chief Marketing Officers, digital marketers, advertisers and publishers are increasingly steering their marketing, advertising, and development budgets toward digital media. Many industry analysts predict more advertising dollars will be spent in digital than in traditional media in the future. As marketers make this move to digital, our opportunity is accelerating as customers look for vendors to help them navigate this transition. However, marketing in a digital world is not simply about executing campaigns in each digital channel. Marketers, and entire enterprises, also need to ensure they deliver meaningful experiences to their consumers across both digital and traditional channels and in areas such as sales, support, and product interactions where consumers expect experiences to be personalized.

Our Digital Marketing business targets this large and growing opportunity by providing comprehensive solutions that include analytics, social marketing, targeting, media optimization, digital experience management, cross-channel campaign management, audience management, premium video delivery and monetization. We deliver these capabilities through our Adobe Marketing Cloud, an integrated offering enabling marketers to measure, personalize and optimize marketing campaigns and digital experiences across channels for optimal marketing performance. With its broad set of solutions, including Adobe Analytics, Adobe Target, Adobe Social, Adobe Media Optimizer, Adobe Experience Manager, Adobe Campaign, Adobe Audience Manager and Adobe Primetime, as well as real-time dashboards and a collaborative interface, customers of Adobe Marketing Cloud are able to combine data, insights and digital content to deliver a personalized brand experience to their consumers.

In addition to Chief Marketing Officers and digital marketers, users of our Adobe Marketing Cloud solutions include marketing professionals such as search engine marketers, media managers, media buyers and marketing research analysts. Customers also include web content editors, web analysts and web marketing managers. These customers often are involved in workflows that utilize other Adobe products, such as our Digital Media offerings and our video workflow and delivery technologies. By combining the creativity of our Digital Media business with the science of our Digital Marketing business, we help our customers to more efficiently and effectively make, manage, measure and monetize their content across every channel with an end-to-end workflow and feedback loop.

Our Digital Marketing segment also contains two legacy enterprise software offerings: our Adobe Connect web conferencing platform and Adobe LiveCycle, an enterprise document and forms platform. Since fiscal 2012, the focus of marketing and licensing of these products has been to financial services and government markets, driven by a subset of our enterprise sales force. We have also been focused on migrating some legacy LiveCycle customers to an updated offering with similar capabilities based on our Adobe Experience Manager solution.

Digital Marketing Strategy

Our goal is to be the leading provider of marketing solutions and a standard for the way digital advertising and marketing is created, measured, managed, executed and optimized.

We believe that our success will be driven by focusing our efforts on making Adobe Marketing Cloud the most comprehensive and integrated marketing solution available. Adobe Marketing Cloud consists of eight key solutions—Adobe Analytics, Adobe Target, Adobe Social, Adobe Media Optimizer, Adobe Experience Manager, Adobe Campaign, Adobe Audience Manager and Adobe Primetime. Adobe Marketing Cloud provides marketers with key capabilities, such as the ability to:

- Combine data across the Adobe Marketing Cloud solutions and third-party data sources, such as customer relationship management, point of sale, email, and survey, to create a single view of the consumer;
 - Deliver personalized customer experiences across channels and on any device;
 - Use predictive analytics to enable marketers to utilize past marketing program data and success to predict and drive their future success with digital marketing programs;
 - Access all Adobe Marketing Cloud solutions from one centralized platform and visualize, socialize, and collaborate across teams with the interface;
 - Interact with creatives through integration with Creative Cloud, enabling content creators and marketers to collaborate and communicate in real time within a cloud-based platform;
 - Accurately forecast and continually optimize their mix of campaigns across digital media;
-

- Provide robust cross-channel campaign management capabilities utilizing real-time insights, rich customer data and a sophisticated automation and execution platform;
- Manage, publish, track, and monetize social programs;
- Store, assemble, and distribute digital assets to deliver high-quality brand, campaign, and content experiences;
- Build unique audience profiles, allowing marketers to identify their most valuable segments and use them across digital channels;
- Easily add, alter, and deploy marketing tags on websites, resulting in consistent page performance and accurate data collection; and
- Integrate with a robust network of partners, covering the expansive digital marketing ecosystem.

To drive growth of Adobe Marketing Cloud, we also intend to streamline how customers learn about, acquire and deploy Adobe Marketing Cloud solutions. We believe we can accelerate the growth of our business by continuing to build out more direct sales capacity, as well as continuing to enable a rich ecosystem of agencies and SIs who sell, implement and service our solutions. We believe these investments will result in continued growth in revenue in our Digital Marketing segment in fiscal 2016 and beyond.

Print and Publishing

Our Print and Publishing segment contains legacy products and services that address diverse market opportunities including eLearning solutions, technical document publishing, web application development and high-end printing. Graphics professionals and professional publishers continue to require quality, reliability and efficiency in production printing, and our Adobe PostScript and Adobe PDF printing technologies provide advanced functionality to meet the sophisticated requirements of this marketplace. As high-end printing systems evolve and transition to fully digital, composite workflows, we believe we are uniquely positioned to be a supplier of software and technology based on the PostScript and Adobe PDF standards for use by this industry.

We generate revenue by licensing our technology to OEMs that manufacture workflow software, printers and other output devices. In fiscal 2015, we maintained a relatively consistent quarterly revenue run-rate with the mature products we market and license in our Print and Publishing business.

PRINCIPAL PRODUCTS AND SERVICES

Digital Media Products

Creative Cloud

Creative Cloud is a subscription offering that enables the creation of rich and engaging digital content. Through Creative Cloud, users can easily explore, create, publish and share their work across devices, the desktop and the web. Members have access to a vibrant creative community, publishing services to deliver apps and websites, cloud storage to easily access their work, the ability to sync their files to virtually any device, collaboration capabilities with team members, and new products and exclusive updates as they are developed.

Creative Cloud members can build a Creative Profile which persists wherever they are. A user's Creative Profile moves with them via Creative Cloud services from app-to-app and device-to-device, giving them immediate access to their personal files, photos, graphics, colors, fonts, text styles, desktop setting customizations and other important assets. Furthermore, CreativeSync synchronizes all files, photos, fonts and other assets used in a particular workflow so that users can begin creative work on any device and seamlessly continue it on another.

New Creative Cloud services have been developed and delivered to subscribers to increase the utilization of Creative Cloud capabilities beyond the use of our desktop applications. One of these new services, Adobe Stock, is an online marketplace with over 40 million curated photos, graphics and videos that is deeply integrated with Creative Cloud apps. We believe services such as Adobe Stock will drive higher user interaction with Creative Cloud and create upsell opportunities as users increasingly utilize higher-tiered versions of these services.

New mobile apps that run on tablets and smartphones enable connections between essential Creative Cloud desktop tools and a new family of mobile apps that extend the capabilities of Photoshop, Illustrator, Premiere Pro and Lightroom onto mobile devices. Our mobile apps enable users to create designs with tablets and bring them into their creative workflows.

We license Creative Cloud to individuals and teams of users through Adobe.com either on a monthly subscription basis or as an annual subscription. Channel partners also license Creative Cloud with annual team subscriptions to small or medium-sized businesses, or to workgroups in enterprises. With larger enterprise customers, our direct sales force utilizes enterprise term license agreements (“ETLAs”), for volume-based agreements often for multi-year terms.

Photoshop

Adobe Photoshop CC is the world’s most advanced digital imaging software. It is used by photographers, designers, animators, web professionals, and video professionals, and is available to Creative Cloud subscribers. Customers can also subscribe to Photoshop CC as an individual subscription product, or through our Creative Cloud Photography Plan, which is an offer targeted at photographers and photo hobbyists and includes our popular Photoshop Lightroom product as a companion tool to Photoshop. We also offer Photoshop Elements separately, which is targeted at consumers who desire the brand and power of Photoshop through an easy-to-use interface. For tablet and smartphone users, we offer several mobile apps including Photoshop Sketch, Photoshop Mix, Lightroom for mobile and Photoshop Fix—all of which enable sophisticated photo editing and content creation using a touch-based interface on tablet and mobile devices.

Illustrator

Adobe Illustrator CC is our industry-standard vector graphics software used worldwide by designers of all types who want to create digital graphics and illustrations for all kinds of media: print, web, interactive, video, and mobile. Illustrator is available to Creative Cloud subscribers, and customers can also subscribe to use it as an individual subscription product. Users can also utilize mobile apps such as Illustrator Draw to gain access to Illustrator capabilities on their tablets and mobile devices, and sync their work through CreativeSync for use with Illustrator on their desktop.

InDesign

InDesign is the leading professional page layout software for print and digital publishing. Our customers use it to design, preflight, and publish a broad range of content including newspapers and magazines for print, online, and tablet app delivery. Customers can create simple or complex layouts quickly and efficiently with precise control over typography, built-in creative tools, and an intuitive design environment. Tight integration with other Adobe software such as Photoshop, Illustrator, Acrobat, and Adobe Animate enables customers to work productively in print and digital workflows. Customers can also access Adobe Digital Publishing Solution from within InDesign to create and publish engaging apps for a broad range of devices, including iOS, Android and Amazon-based devices.

InDesign is built for designers, prepress and production professionals, and print service providers who work for magazines, design firms, advertising agencies, newspapers, book publishers, and catalog companies, as well as in corporate design, commercial printing, and other leading-edge publishing environments. Customers using InDesign often use Adobe InCopy, a companion product used for professional writing and editing to enable an efficient collaborative workflow between design and editorial staff. InDesign and InCopy are available to Creative Cloud subscribers, and customers can also subscribe to use InDesign as an individual subscription product.

Adobe Premiere Pro

Adobe Premiere Pro is our powerful, customizable, nonlinear video editing tool used by video professionals. Customers can import and combine virtually any type of media, from video shot on a smartphone to raw 4K and higher resolution footage, and then edit in its native format without transcoding. The user interface includes a customizable timeline and numerous editing shortcuts which enable faster, keyboard-driven editing.

With the demands of shorter production schedules and high-resolution digital media formats, real-time performance is crucial to videographers. Premiere Pro utilizes our Mercury Playback Engine to provide the fastest performance solution in the industry. It also supports a vast majority of formats, and customers can now use multiple graphics cards to accelerate render and export times. As part of Creative Cloud, Premiere Pro tightly integrates with other Adobe creative applications. Customers can also subscribe to use it as an individual subscription product.

To address the increase in use of video capture and sharing on mobile devices, we offer Adobe Premiere Clip, which provides users with easy-to-use features to quickly edit and enhance video, and Adobe Capture CC, which provides an easy way to capture and share production-quality lighting and color schemes. We also offer an Elements version of Premiere Pro, which is a powerful yet easy-to-use video-editing software for home video editing. Premiere Elements provides tools for hobbyists to quickly edit and enhance video footage with fun effects and transitions and create custom DVDs for sharing video with friends and family.

After Effects

After Effects is our industry-leading animation and creative compositing software used by a wide variety of motion graphics and visual effects artists. It offers superior control, a wealth of creative options, and integration with other post-production applications. After Effects is available to Creative Cloud subscribers, and customers can also subscribe to use it as an individual subscription product.

Dreamweaver

Dreamweaver provides a complete toolset for professional web designers and front-end developers to create, code and manage modern, responsive websites. Dreamweaver makes it fast and efficient to design and develop responsive sites from scratch or with built-in templates, preview them in real time on mobile devices and quickly extract web-optimized elements from Adobe Photoshop documents directly into projects. Dreamweaver recently combined innovative visual aids with first-class support for the Bootstrap framework, making it the premiere tool for responsive web design. Device Preview in Dreamweaver makes it easy to preview and inspect websites or mobile app designs on actual devices. As part of Creative Cloud, Dreamweaver tightly integrates with other Adobe creative applications like Photoshop, as well as services like Adobe Stock and Typekit. Customers can also subscribe to use Dreamweaver as an individual subscription product.

Animate

Adobe Animate CC, formerly Adobe Flash Professional, is the leading toolset for professional designers to create interactive animations, and publish them to multiple formats or platforms - including HTML5 Canvas, WebGL, SWF, FLV or even custom platforms. Using Animate, professional designers can reach viewers on virtually any desktop or mobile device. Animate is available to Creative Cloud subscribers, and customers can also subscribe to use it as an individual subscription product.

Digital Publishing Solution

Adobe Digital Publishing Solution is a complete solution that enables media publishers, large brand organizations, enterprise customers and advertising agencies to transform their print publications into interactive digital reading experiences for tablet devices and smartphones. Consisting of hosted services and viewer technology, Digital Publishing Solution tightly integrates with our Creative Cloud applications for efficient design, distribution, and monetization of a new class of innovative magazines, newspapers, brand loyalty materials, merchandising content, marketing communications, and more. A wide range of media publishers have used Digital Publishing Solution to produce well-known titles. Businesses are also using Digital Publishing Solution to produce corporate publications.

Typekit

Adobe Typekit is a subscription font service that brings thousands of fonts from foundry partners into one library for quick browsing, easy use on the web or on the user's desktop, and endless typographic inspiration. The full font library is available to Creative Cloud subscribers, while a more limited option is available to consumers free of charge.

Behance

Behance is the leading social community to showcase and discover creative work online. Adobe Portfolio allows users to quickly and simply build a fully customizable and hosted website that seamlessly syncs with Behance.

Acrobat and Document Cloud

Adobe Document Cloud is a complete portfolio of secure digital document solutions that speeds business transactions through digital workflows. With Adobe Document Cloud, users can create, review, approve, sign and track documents, whether on a desktop or mobile device.

At the heart of Adobe Document Cloud is Adobe Acrobat DC, the industry standard for PDF creation and conversion. Acrobat enables users to create secure, reliable and compact Adobe PDF documents from desktop authoring applications such as Microsoft Office software, graphics applications and more. Use of Acrobat enables automated collaborative workflows with a rich set of commenting tools and review tracking features and includes everything needed to create and distribute rich, secure electronic documents that can be viewed easily within leading web browsers or on computer desktops via the free Adobe Acrobat Reader.

Acrobat DC is available to both Creative Cloud and Document Cloud subscribers. Customers can also license Acrobat Pro or Acrobat Standard (which has a subset of Acrobat Pro features) as individual point products, either as a subscription or in the form of desktop software. Adobe Acrobat DC is also available as a free mobile app that allows users to view, create and edit