

# EXHIBIT C

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re ADOBE INC. SECURITIES	:	Civil Action No. 1:23-cv-09260-JGK
LITIGATION	:	
_____	:	<u>CLASS ACTION</u>
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This Document Relates To:	:	
	:	
ALL ACTIONS.	:	
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**DECLARATION OF PROFESSOR JOHN M. NEWMAN**

I, JOHN M. NEWMAN, hereby declare under penalty of perjury the following:

1. I understand that Lead Plaintiffs Menora Mivtachim Insurance Ltd. and Menora Mivtachim Pensions & Gemel Ltd. and Lead Plaintiff Stichting Philips Pensioenfonds (together, “Plaintiffs”) brought this federal securities lawsuit on behalf of a putative class of all persons and entities who purchased or otherwise acquired Adobe Inc. (“Adobe”) common stock between July 23, 2021 and September 22, 2022, inclusive. I respectfully submit this Declaration in connection with Plaintiffs’ motion for leave to file their [Proposed] Second Amended Class Action Complaint for Violations of the Federal Securities Laws. My compensation in this matter is not contingent upon any specific opinion that I express or may render in the future or the outcome of this motion or proceeding.

**I. INTRODUCTION**

**A. Qualifications**

2. I am currently a tenured professor at the University of Miami School of Law. I also serve on the advisory boards of the American Antitrust Institute and the Institute for Consumer Antitrust Studies, and I am an editor for the Antitrust Law Journal, a peer-reviewed academic journal that publishes legal and economic scholarship on U.S. antitrust topics.

3. My research focuses primarily on the structure and performance of digital markets. I have published extensively on the economic regulation of, and in particular antitrust's application to, these markets. My academic work has been downloaded more than 11,000 times according to the Social Science Research Network and has been cited more than 1,200 times according to Google Scholar. My commentary on antitrust analysis of marketplace behavior regularly appears in popular media outlets, including CBS News, CNBC, the Wall Street Journal, the New York Times, Bloomberg, and many more. I have testified before the U.S. Senate Subcommittee on Competition Policy, Antitrust, and Consumer Rights; and I have submitted invited commentary to the U.S. House of Representatives Subcommittee on Antitrust, Commercial and Administrative Law in connection with the Subcommittee's investigation of competition in digital markets. I am frequently retained by financial analysts to provide market assessments in connection with pending mergers and acquisitions.

4. I also have extensive experience analyzing market structures and competition in public service. From 2021 to 2023, I served as Deputy Director with the Federal Trade Commission ("FTC"), where I oversaw the Bureau of Competition's investigations and enforcement actions, including both merger and single-firm conduct matters, involving digital markets. While in that role, I also contributed significantly to the drafting of the Merger Guidelines, promulgated jointly in 2023 by the FTC and the U.S. Department of Justice ("DOJ") Antitrust Division. The Merger Guidelines describe the economic tools and frameworks that the federal antitrust enforcement agencies use to assess competitive effects of mergers and acquisitions. My role as deputy director also entailed regular dialogue with competition agencies in other jurisdictions, including the European Union's Directorate-General for Competition and the United Kingdom's Competition and Markets Authority. I have also previously served with the

U.S. DOJ Antitrust Division (entry via Honors Program), where I assisted multiple investigations and enforcement actions involving both single-firm conduct and mergers and acquisitions.

**B. Summary of Conclusions**

5. During the relevant time period of July 23, 2021, to September 22, 2022, Figma and Adobe both participated in a plausibly identifiable bundle market for all-in-one user-interface/user-experience (“UI/UX”) product design software. Figma’s offering, Design, appears to have had a very substantial competitive advantage over Adobe’s XD software in this market. This was likely due in part to network effects and economies of scale, which together can create a “winner-take-all” dynamic in digital markets. Figma’s competitive advantage was also likely due in part to Figma’s deployment of a freemium business strategy, which leverages a behavioral-economic effect known as the “Zero-Price Effect.” Adobe’s XD product had an insignificant market share, and to the extent that Adobe internally terminated funding and support for XD during the relevant time period (as Adobe eventually reported to competition regulators), even that relatively small share likely overstated XD’s competitive significance and potential.

6. The underlying technology used to distribute and consume product design software was undergoing a substantial change during the relevant period. Cloud-based online software products that allow multiple users to collaborate in real-time on a given project were gaining traction against non-collaborative, software products that typically required local installation on computers. At technological inflection points, when the industry is in a state of flux, markets tend to become more contestable. As a result, potential entrants, particularly if they have already amassed a large user base, can pose a heightened competitive threat to established incumbents. Figma appears to have posed such a threat to Adobe during the relevant time period.

7. Figma had built up a large and rapidly growing user base in a market adjacent to, and that materially overlapped with, Adobe's flagship incumbent products: Illustrator (vector editing) and Photoshop (raster editing). From that position of strength, Figma was not only a dominant competitor as to Adobe's XD product; it was also already a significant competitive threat to Adobe's incumbent Illustrator and Photoshop products in 2021 and 2022.

8. Figma was growing much more quickly than Adobe, which had lagged behind in deploying innovative, cloud-based, collaborative design software. In such situations, incumbent firms may find it profitable to pay a substantial premium for a target firm in an attempt to neutralize the competitive threat posed by the target and preserve existing profit streams. It was against this backdrop that Adobe attempted to acquire Figma for a reported \$20 billion,<sup>1</sup> which an industry observer described as an "eye-popping premium."<sup>2</sup> The federal agencies' 2023 Merger Guidelines explain that "a purchase price that exceeds the acquired firm's stand-alone market value can sometimes indicate that the acquiring firm is paying a premium because it expects to be able to benefit from reduced competition."<sup>3</sup>

9. In sum, Figma's large and rapidly growing competitive lead in its core market, which was characterized by network effects and scale economies, likely substantially limited Adobe XD's ability to attract customers and gain market share. At the same time, Figma's large and rapidly growing user base in a market adjacent to Adobe's traditional areas of strength, against

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<sup>1</sup> E.g., Annie Palmer, *Adobe Shares Plunge on Deal to Acquire Design Platform Figma for \$20 Billion*, Sept. 15, 2022, CNBC, <https://cnb.cx/44dv0Va> (stating that Figma had been valued at \$10 billion in 2021 and that Adobe was "paying in the neighborhood of 50 times revenue").

<sup>2</sup> Joseph Williams, *In Cautious 2022, Investors Buck Against Expensive Adobe M&A Deal*, S&P GLOBAL, Sept. 16, 2022, <https://bit.ly/3GnWjIP>.

<sup>3</sup> U.S. DOJ & FTC, MERGER GUIDELINES § 4.1 (2023).

a backdrop of technological change in the industry, likely also posed a material, ongoing competitive threat to Adobe’s flagship Illustrator and Photoshop products.

## II. MARKET ANALYSIS

### A. General Principles: Digital Markets

10. In a digital market that exhibits technological change over time, analyzing the competitive conditions surrounding a particular merger requires both static and dynamic analysis. Static analysis focuses on competitive interactions and constraints that arise from currently deployed products. Dynamic analysis focuses on firms’ ability and incentive to deploy new products and enter new markets. The prospect of dynamic competition frequently affects firms’ present-day strategies. For example, the threat of future entry can significantly affect an incumbent firm’s present behavior.

11. When analyzing competitive conditions leading up to a particular merger or acquisition, it is standard practice in my experience to identify the “relevant markets” in which the acquiring firm and the target firm participate. Relevant markets include products that are reasonably interchangeable from a user’s perspective, i.e., that are close demand-side substitutes.<sup>4</sup> Where customers value multiple features or services together as a package, i.e., where there are significant economies of scope in consumption, relevant markets can comprise that set of features or services. These are sometimes known as “bundle” markets.<sup>5</sup>

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<sup>4</sup> See, e.g., *United States v. Google LLC* 747 F. Supp. 3d 1, 108 (D.D.C. 2024).

<sup>5</sup> E.g., Kevin Hahm & Loren K. Smith, *Clarifying Bundle Markets and Distinguishing Them from Cluster Markets*, ANTITRUST SOURCE, Feb. 2021.

12. Digital markets often exhibit positive direct network effects: the value of a given product to each user increases as the number of users grows.<sup>6</sup> For example, a social network can become more valuable to each user as more users join the network. Digital markets also often exhibit positive indirect network effects.<sup>7</sup> For example, an operating system can become more valuable to each user as more software developers write programs for that operating system.<sup>8</sup>

### **B. The Relevant Products**

13. During the relevant time period, both Figma and Adobe offered what can helpfully be thought of as “all-in-one” UI/UX product design software. These software products bundle together multiple tools that designers might use in connection with a particular project, e.g., a mobile application or website. Figma’s Design product and Adobe’s Adobe XD product both offered a similar bundle of tools and targeted similar customers.

14. Customers can sometimes create their own bundle a la carte by picking and choosing from multiple suppliers. This is generally not a close enough substitute to require inclusion in the same relevant market in an antitrust case, but accounting for it can be helpful to understand broader industry dynamics. For example, even though “supermarkets” may constitute a distinct bundle market,<sup>9</sup> some customers may prefer to obtain meat from a local butcher shop and vegetables from a farmers’ market. Here, Adobe’s Photoshop and Illustrator products offered

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<sup>6</sup> See, e.g., John M. Newman, *Antitrust in Digital Markets*, 72 VAND. L. REV. 1497, 1514–15 (2019).

<sup>7</sup> *Id.* at 1515.

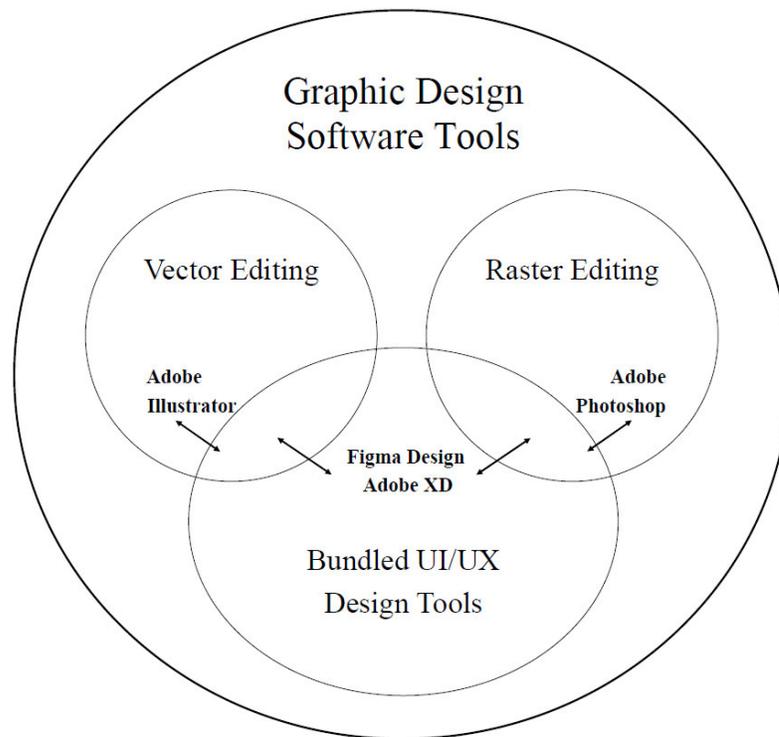
<sup>8</sup> E.g., *United States v. Microsoft Corp.*, 253 F.3d 34, 55 (D.C. Cir. 2001) (“[M]ost developers prefer to write for operating systems that already have a substantial consumer base.”).

<sup>9</sup> See, e.g., *FTC v. Kroger Co.*, No. No. 3:24-cv-00347-AN, 2024 WL 5053016, at \*11 (D. Or. Dec. 10, 2024).

some (though not all) of the functionality offered by an all-in-one product design software solution. Photoshop primarily offers raster editing capability, and Illustrator primarily offers vector editing capability. A hypothetical designer might use either or both as part of a digital product design project.

15. Figma Design includes some raster editing and vector editing functionality in its bundle of tools, and the availability of third-party plugin extensions can increase that functionality. Figure 1, below, depicts the interrelated nature of Adobe’s and Figma’s relevant product offerings during the relevant time period.

*Figure 1. Interrelated Adobe/Figma Product Offerings.*



**III. FIGMA’S CORE MARKET**

**A. Figma’s Competitive Strength in Its Core Market**

16. During the relevant time period, Figma had an overwhelming competitive advantage in the relatively nascent, growing market of all-in-one UI/UX design software.

17. Figma, which launched to the general public in 2016, has featured real-time collaborative capability since its inception. This feature allowed Figma to benefit from positive direct network effects, meaning that the value of its product to each user increased as the number of users increased. Adobe XD, on the other hand, did not include this functionality when it launched, and Adobe did not introduce real-time coediting for XD until 2020.<sup>10</sup>

18. Figma also offered interoperability with third-party plugin extensions that enhanced the Design application's capabilities.<sup>11</sup> This would tend to create positive indirect network effects: the more capability-enhancing plugins became available to Figma Design users, the more valuable Figma Design became to each user.

19. In addition, scale economies, i.e., low marginal costs relative to fixed costs, are present in most digital software markets. Economies of scale tend to favor firms that capture bigger market shares, since serving additional customers lowers the provider's average total cost per customer. Scale economies were likely present in Figma's core market during the relevant time period.

20. Figma also deployed a "freemium" business model during the relevant time period. Freemium products comprise a zero-price version and a positive-price version (or versions). A version of Figma Design was available to users at a price of \$0. Zero prices can cause a uniquely positive effect on demand, a dynamic that behavioral economics literature calls the "Zero-Price

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<sup>10</sup> Andrew Shorten, *Introducing New Ways to Collaborate in Adobe XD*, ADOBE BLOG, May 11, 2021, <https://bit.ly/434qZRC>.

<sup>11</sup> UK CMA, ANTICIPATED ACQUISITION BY ADOBE INC. OF FIGMA, INC.: PROVISIONAL FINDINGS REPORT, at ¶ 9.103 (stating that Figma's "extension ecosystem" was larger than Adobe's) (hereinafter "CMA REPORT"), <https://tinyurl.com/2023CMARReport>.

Effect.”<sup>12</sup> This strategy likely gave Figma a competitive advantage.<sup>13</sup> As one industry observer explained in 2022, “Figma was free to use. Compared to Sketch’s \$100, that’s already significant. Compared with Adobe’s \$600 per year, it’s huge.”<sup>14</sup>

21. Together, these market dynamics likely contributed to what appears to have been a very substantial competitive advantage for Figma. The gap between Figma (the market leader) and all other rivals, including Adobe, appears to have been growing during the relevant time period. The UK Competition & Markets Authority (“CMA”), for example, provisionally found that Figma’s worldwide market share in its core market grew from 70–80% in 2021 to 80–90% in 2022.<sup>15</sup>

22. These findings are consistent with the results of a 2021 industry survey of design professionals by UX Tools.<sup>16</sup> The survey results showed that Figma had already built a large lead over other UI design tools as of 2021.

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<sup>12</sup> See, e.g., Kristina Shampanier et al., *Zero as a Special Price: The True Value of Free Products*, 26 *MARKETING SCI.* 742 (2007); see also Juan L. Nicolau & Ricardo Sellers, *The Free Breakfast Effect: An Experimental Approach to the Zero Price Model in Tourism*, 51 *J. TRAVEL RES.* 243 (2012) (extending Shampanier et al. to a multiproduct bundle context).

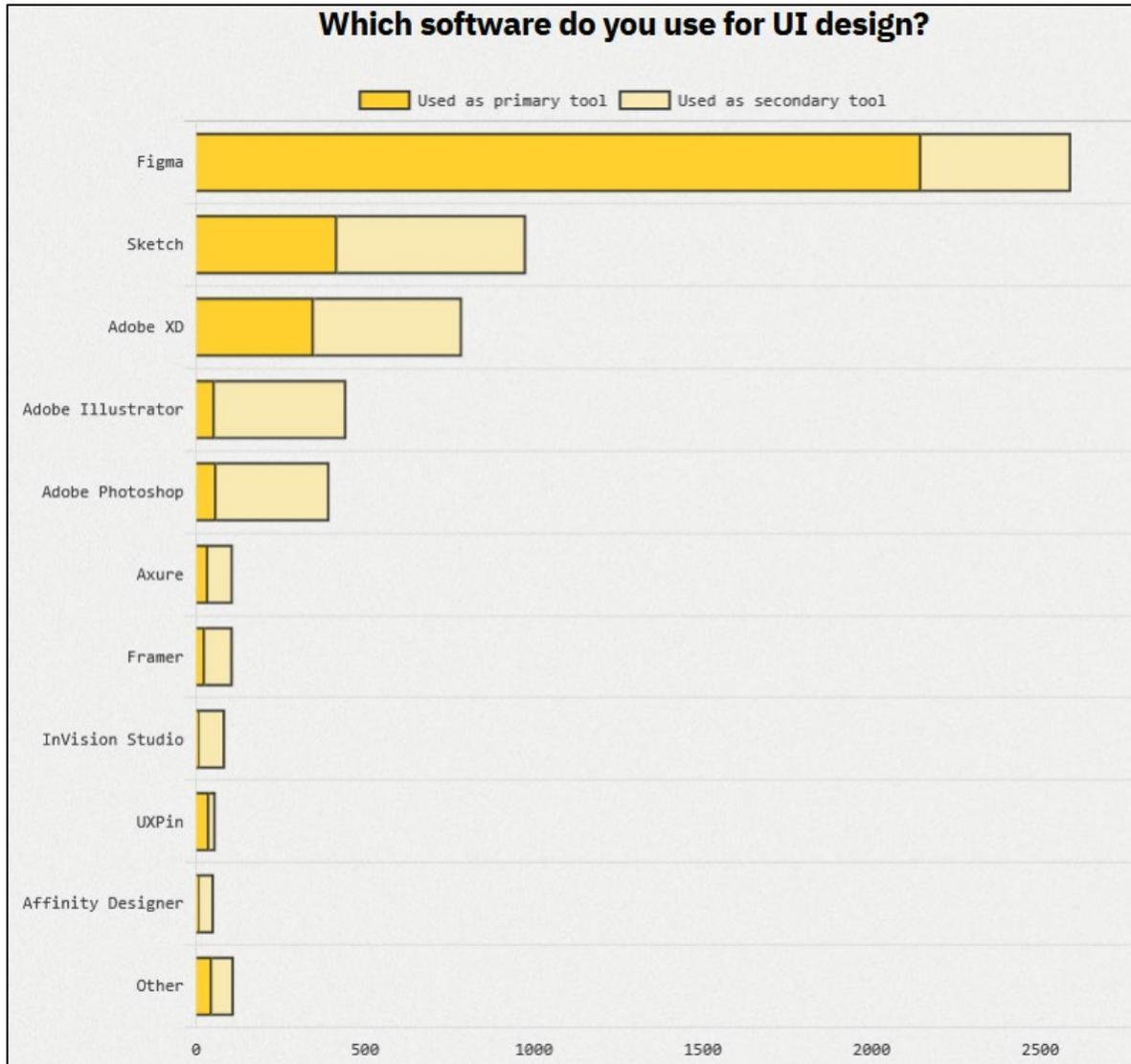
<sup>13</sup> See Kevin J. Boudreau et al., *Competing on Freemium: Digital Competition with Network Effects*, 43 *STRATEGIC MGMT. J.* 1374 (2021) (finding that freemium strategies deployed in the presence of network effects significantly amplified the advantage of leaders).

<sup>14</sup> Dave Feldman, *How Did Figma Succeed? A Brief History*, *MEDIUM*, Sept. 16, 2022, <https://bit.ly/4cTik87>.

<sup>15</sup> CMA REPORT, *supra*, at ¶ 8.59 & tbl. 81.

<sup>16</sup> The survey reported that respondents were located worldwide, with a substantial plurality located in the United States. UX TOOLS, 2021 DESIGN TOOLS SURVEY, <https://uxtools.co/survey/2021/#demographics>.

Figure 2. 2021 Survey of Professional Users: Most Popular UI Design Tools.

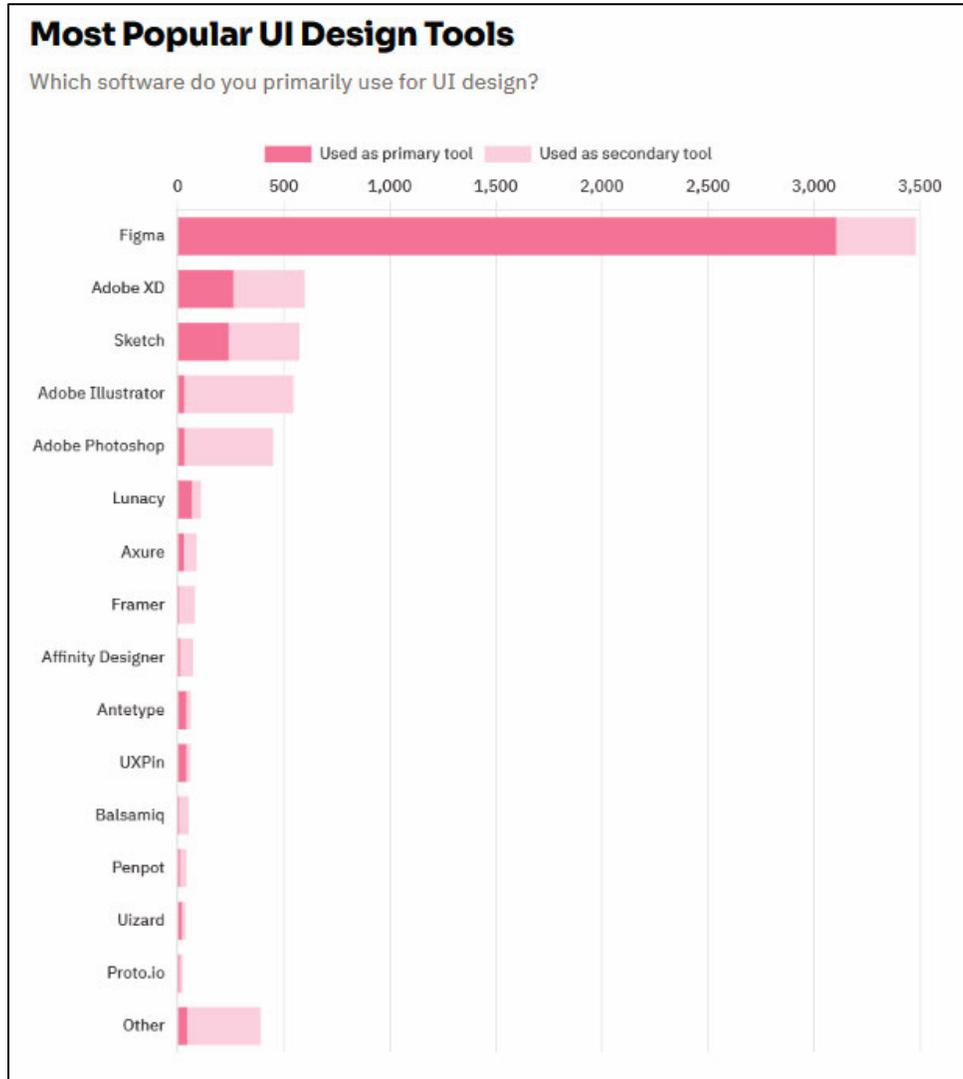


Source: 2021 Design Tools Survey.

23. The 2022 edition<sup>17</sup> of the UX Tools survey showed Figma continuing to outpace the competition by a wide margin, as depicted in figure 3.

<sup>17</sup> The 2022 survey again reported that respondents were located worldwide, with a substantial plurality located in the United States. UX TOOLS, 2022 DESIGN TOOLS SURVEY, <https://uxtools.co/survey/2022/demographics>.

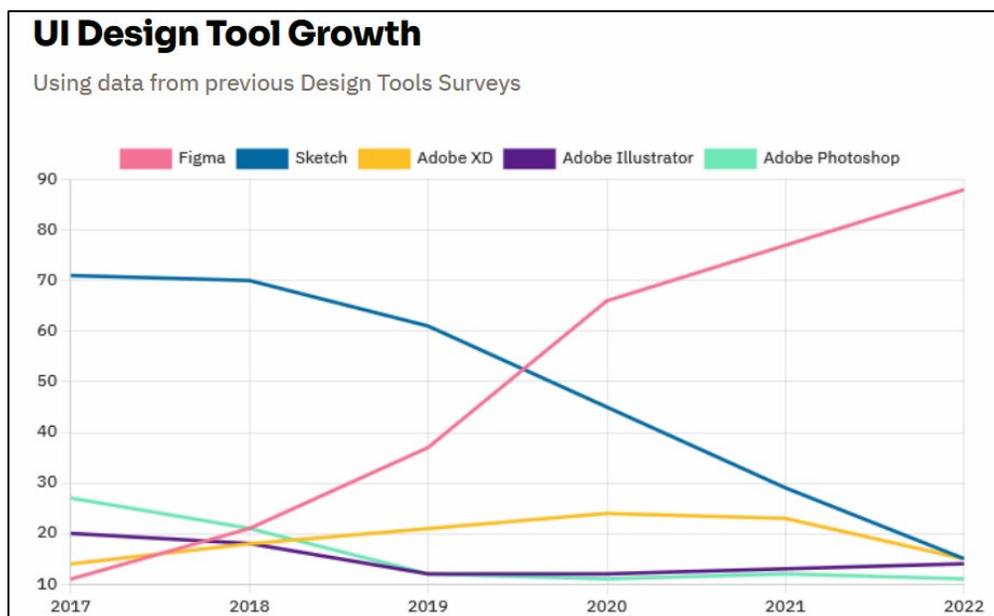
Figure 3. 2022 Survey of Professional Users: Most Popular UI Design Tools.



Source: 2022 Design Tools Survey.

24. Moreover, the 2022 survey showed Figma’s market position continuing to increase, and the gap between Figma and Adobe XD continuing to grow, as depicted in figure 4.

Figure 4. 2022 Survey of Professional Users: Time-Series Usage Chart.



Source: 2022 Design Tools Survey.

25. In the United States, a market share of 70+% would be consistent with a conclusion that Figma had monopoly power.<sup>18</sup> Firms with monopoly power enjoy access to “myriad”<sup>19</sup> strategies to maintain or expand that power, including potentially by leveraging from the monopolized market into others.<sup>20</sup>

<sup>18</sup> *E.g., FTC v. Facebook, Inc.*, 581 F. Supp. 3d 34, 47–48 (D.D.C. 2022) (“Facebook’s market share [of at least 65% or at least 70%, depending on metric] comfortably exceeds the levels that courts ordinarily find sufficient to establish monopoly power.”).

<sup>19</sup> *Microsoft Corp.*, 253 F.3d at 58.

<sup>20</sup> See Michael D. Whinston, *Tying, Foreclosure, and Exclusion*, 80 AM. ECON. REV. 837 (1990).

**B. Adobe XD’s Competitive Weakness in Figma’s Core Market**

26. Adobe XD, meanwhile, appears to have been unable to capture market share and was rapidly losing market position, primarily to Figma, during the relevant time period. For example, the UK CMA provisionally found that Adobe’s market share in Figma’s core market dropped from 10–20% in 2021 to 5–10% in 2022.<sup>21</sup> The UX Tools survey of professional users similarly shows Adobe XD declining in popularity among professional users from 2021 to 2022 (figure 4 above).

27. These market share figures are consistent with the conclusion that Adobe XD lacked market power and was not a meaningful competitive constraint on Figma in Figma’s core market. The likely presence of network effects and scale economies, which tend to advantage a firm with a larger customer base and disadvantage a firm with a smaller customer base, in Figma’s core market tends to confirm this conclusion. This conclusion is consistent with representations reportedly made by Adobe to competition regulators to the effect that XD in fact “had no realistic prospect of succeeding” absent a substantial new allocation of scarce resources.<sup>22</sup>

**C. Adobe Internally Deprecating XD Would Further Reduce Its Competitive Viability**

28. In dynamic software markets, continuous investment in research-and-development is essential for competitive viability.<sup>23</sup> As a result, to the extent that Adobe internally decided to discontinue investment and support for XD, that decision would indicate

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<sup>21</sup> CMA REPORT, *supra*, at ¶ 8.59 & tbl. 81.

<sup>22</sup> CMA REPORT, *supra*, at ¶ 8.76(c).

<sup>23</sup> *E.g.*, Bitu Shabgard, *R&D Investment and Network Effects: A Dynamic Model of the Search Engine Market*, ECON. INNOVATION & NEW TECH., May 15, 2024 (“Therefore, continuous investment in R&D is crucial for search engines to align with future user preferences.”).

Adobe’s belief that XD had very little competitive viability or growth potential. A decision to discontinue investment in a product—often known as “deprecation” in technology circles<sup>24</sup>—will generally effectively terminate that product as a meaningful, viable competitive offering.

29. To the extent that Adobe discontinued investment in XD during the relevant time period, as Adobe submitted to competition enforcers,<sup>25</sup> that action likely effectively disabled XD as a meaningful competitor in the market. Particularly for a product that already lagged substantially behind its rivals, in a market characterized by technological change over time, deprecation would mean that the product had virtually no chance of gaining market share going forward. A decision to discontinue investing in or developing XD therefore would likely have reflected an internal understanding at Adobe that XD was unable to meaningfully compete in the screen design software industry.

**D. Figma Was Likely Also Taking Business from Adobe Illustrator and Photoshop in Figma’s Core Market**

30. Figma’s rapid expansion in its core market was likely also already taking business away from Adobe’s legacy Illustrator and Photoshop software tools in 2021 and 2022.

31. The results of the 2021 and 2022 UX Tools surveys are consistent with the conclusions (described above) that Figma’s core market is a bundle market, that Figma Design and

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<sup>24</sup> *E.g.*, Chris Morrissey, *Deprecation: What It Means in the Windows Lifecycle*, MICROSOFT WINDOWS IT PRO BLOG, Jan. 30, 2025, <https://bit.ly/3EQcBDg> (“Deprecation simply means that a Windows feature, functionality, or service is no longer in active development, and it will be retired and removed from a future release.”).

<sup>25</sup> CMA REPORT, *supra*, at ¶ 6.17 (“[Adobe] submitted . . . [that XD] was put into maintenance mode by Adobe in February 2022 for reasons unrelated to the Merger.”); *id.* at ¶ 6.19 (“[M]aintenance mode is Adobe’s terminology for the process of deprioritising products until they eventually become deprecated, lose their customer base, and are phased out.”).

Adobe XD offered all-in-one software bundles in that market, and that some users could also cobble together their own bundle a la carte by using multiple other software tools.

32. For example, the 2021 survey results show that Figma Design, Sketch and Adobe XD were the three products most commonly used as “primary” tools. Each of these were all-in-one software bundles. Figma had the highest ratio of primary : secondary reported usage. Usage of Adobe XD was split nearly evenly between primary and secondary, with a 0.79 ratio as between the two. Adobe Photoshop and Illustrator, however, were reportedly far more commonly used as secondary tools. Photoshop had a 0.18 usage ratio of primary : secondary usage, while Illustrator had a 0.14 usage ratio.

33. This is consistent with the conclusion that all-in-one bundle products offer important functionality that conveys a competitive advantage in Figma’s core market. It is also consistent with some users piecing together a combination of tools a la carte to perform design projects. And it is consistent with some of that a la carte usage being of Illustrator and Photoshop.

34. The survey results show Illustrator and Photoshop usage for UI design projects declining, starting in 2017, as Figma rapidly gained market share (figure 4 above). During the relevant time period, the survey results show Figma gaining primary-usage share, while Adobe’s XD, Photoshop, and Illustrator products all lost primary-usage share. Figure 5 depicts the year-over-year change from 2021 to 2022.

Figure 5. 2021–22 Year-over-Year Change in Primary-Usage Share.

Software	2021	2022
Figma	67.4%	78.6%
Sketch	13.1%	6.1%
Adobe XD	10.9%	6.6%
Adobe Photoshop	1.9%	0.8%
Adobe Illustrator	1.7%	0.8%
UXPin	1.2%	1.0%
Axure	1.1%	0.7%
Framer	0.8%	0.2%
InVision Studio	0.3%	0.1%
Affinity Designer	0.3%	0.3%

Sources: 2021 Design Tools Survey; 2022 Design Tools Survey.

35. These findings are consistent with the conclusion that during the relevant time period Figma was taking business away from not only Adobe’s all-in-one XD product, but also Adobe’s legacy Illustrator and Photoshop products, in Figma’s core product market.

#### IV. VECTOR EDITING AND RASTER EDITING

##### A. Adobe Had Leading, and Likely Profitable, Positions in Vector Editing and Raster Editing

36. Adobe appears to have possessed leading positions for a substantial period of time with its Illustrator<sup>26</sup> and Photoshop<sup>27</sup> software products.

37. Given the presence of positive network effects and likely scale economies as to Illustrator and Photoshop, Adobe likely enjoyed a degree of market power with these products. The UK CMA, for example, reported that Illustrator’s share of vector editing was 70–80%, and

<sup>26</sup> CMA REPORT, *supra*, at ¶ 9.79 (“Illustrator has been in the market for over 30 years and has had an entrenched leadership for decades.”).

<sup>27</sup> *Id.* at ¶ 9.92.

that Photoshop’s share of raster editing was 80–90%.<sup>28</sup> These shares would be consistent with a high degree of market power,<sup>29</sup> and a high degree of market power is generally assumed to be profitable.<sup>30</sup>

**B. Figma Posed an Ongoing, Material Competitive Threat to Adobe’s Illustrator and Photoshop Products**

38. During 2021 and 2022, Figma had already built a large and rapidly growing user base.<sup>31</sup> There appear to have been material customer overlaps between Figma’s core bundle market and users of vector editing (Illustrator) and raster editing (Photoshop) tools.<sup>32</sup> Figma Design offered vector editing capability as part of its bundle of tools. Moreover, Figma’s interoperability with third-party plugin extensions made it possible for users to gain additional vector editing and raster editing capability within Figma Design.<sup>33</sup> Finally, Figma had an early lead over Adobe in deploying cloud-based software, at a time when the industry was beginning to embrace this new technological paradigm.<sup>34</sup>

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<sup>28</sup> *Id.* at ¶ 9.117.

<sup>29</sup> *See, e.g., FTC v. AbbVie Inc.*, 976 F.3d 327, 371 (3d Cir. 2020) (“A court can infer market power from a market share significantly greater than 55 percent.”).

<sup>30</sup> *See, e.g., Verizon Commc’ns Inc. v. Law Offices of Curtis V. Trinko, LLP*, 540 US 398, 407 (2004) (“The opportunity to charge monopoly prices—at least for a short period—is what attracts ‘business acumen’ in the first place; it induces risk taking that produces innovation and economic growth.”).

<sup>31</sup> 2022 DESIGN TOOLS SURVEY, <https://uxtools.co/survey/2022/ui-design> (“Figma’s domination continues . . .”).

<sup>32</sup> CMA REPORT, *supra*, at ¶ 9.13(a).

<sup>33</sup> *Id.* at ¶¶ 9.76, 9.93.

<sup>34</sup> *Id.* at ¶ 9.106.

39. Figma's particularly strong position in its core market, which overlapped with Adobe's flagship Illustrator and Photoshop products, likely strengthened Figma's ability to extend its position into those adjacent areas.<sup>35</sup> Given all of this, it is unsurprising that a competition regulator discovered evidence that Adobe had internally concluded that Figma posed a particularly material competitive threat to Adobe's flagship Illustrator and Photoshop products during the relevant time period.<sup>36</sup>

40. In sum, Figma appears to have posed a material, ongoing threat to Adobe's long-held, leading, and likely profitable positions in vector and raster editing during the relevant time period.

## V. CONCLUSION

42. During the relevant time period, Figma had a substantial competitive advantage over Adobe's XD software in Figma's core market and was also likely capturing usage from Adobe's Illustrator and Photoshop products in this market. Adobe's XD product likely posed little to no competitive constraint on Figma, failed to gain market share, and instead lost market share, over the relevant period. To the extent that Adobe internally terminated funding and support for XD during the relevant time period (as Adobe later submitted, in response to the CMA's investigation, that it had done), XD had virtually no growth potential or competitive significance.

43. Moreover, Figma's large and rapidly growing user base in a market adjacent to, and that overlapped with, Adobe Illustrator and Photoshop meant that Figma was also likely a

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<sup>35</sup> See generally Whinston, *supra* (describing strategy of leveraging from a core monopoly market into a second market).

<sup>36</sup> CMA REPORT at ¶¶ 9.158, 9.159, 9.162, 9.167.

significant competitive threat to Adobe's incumbent Illustrator and Photoshop products during the relevant time period.

\* \* \*

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on April 30, 2025, at Coral Gables, Florida.



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JOHN M. NEWMAN