

INSIGHT

Adobe Shares Enterprise LiveCycle Strategy for Document-Intensive Processes with Analysts

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IDC OPINION

Adobe held an analyst conference on July 23 and 24 to discuss its strategy for Enterprise LiveCycle. The conference was hosted by the Business Productivity Business Unit (BPBU), which has overall responsibility for the LiveCycle product line. IDC believes that Adobe's focus on business-critical document processes will yield significant payback to the company going forward. Business processes, whether outsourced or performed onsite represent significant costs and opportunities for corporations seeking to reduce overall costs and increase customer responsiveness. LiveCycle brings a refreshing alternative to traditional paper-intensive activities. The key highlights of the conference included the following:

- ☒ The need to address traditional transactional document processes and the growth of collaborative requirements for nontransactional documents are holistically being served by key Adobe offerings.
- ☒ Adobe LiveCycle is gaining traction in major enterprises through partnerships with key systems integration providers such as IBM, Cognizant, and Tata Consultancy Services.
- ☒ Progress is being made to have the developer community embrace LiveCycle as an application framework inclusive of Adobe Air as a key deployment vehicle.
- ☒ The development of code and best practice methodologies called verticalized accelerators for government, financial, manufacturing, and healthcare segments. These accelerators provide industry specific implementations of LiveCycle that address about 50% of key business processes. Developers and integrators can start with these implementations and then further customize the application to meet the specific needs of an enterprise.

IN THIS INSIGHT

This IDC Insight analyses Adobe's June 2008 enhancements to its Adobe LiveCycle Enterprise Suite, adding content services and solution accelerators to help customers implement solutions to address complex business processes. This Insight looks at the strategic initiatives that the company shared with the analyst community at a conference held onsite at Adobe headquarters on July 23 and 24.

SITUATION OVERVIEW

Formed in the first quarter of fiscal year 2008, Adobe's BPBU represents the merger of Adobe's previous Knowledge Worker Business Unit and the Enterprise and Developer Business Unit. The charter of the group is to bring documents, people, and business processes together to work more efficiently in today's enterprise. The key technology planks that BPBU uses to help in this process include:

- ☒ **Adobe Acrobat.** With its newly announced version 9.0 on June 25, 2008, Adobe continues to enhance the power of its PDF creation and collaboration tool. Boasting over \$600 million in revenue for 2007 and a compounded annual growth rate of 16% since 2003, the company is working to improve the way that people work by enriching the development of PDF documents and improving the ease with which customers can create intelligent electronic forms.
- ☒ **Acrobat.com.** Currently released as a beta site, Acrobat.Com is a business initiative that is aimed at helping Acrobat users collaborate in a document collaboration hosted service. The service, which is currently free, has four key elements to help customers to get started sharing documents. Users can upload up to 5MB of documents for sharing and collaboration. These include:
 - ☐ **Adobe Buzzword.** This is a simple text editor for creating and storing PDF files.
 - ☐ **Adobe ConnectNow.** This is a "lite" version of Adobes Connect online meeting service enabling users to interact with each other and view/share documents for collaboration. It is focused on creating a meeting platform for individuals and subject matter experts.
 - ☐ **Create PDF.** This provides the ability to convert various document types into PDF format.
 - ☐ **Share.** This provides the ability to browse for documents either stored on your computer or on the Web site and mail them to other users.

This beta site is targeted at SMB customers that need to collaborate with geographically dispersed customers and employees. Although simple in functionality, this site will make Adobe competitive in the online document collaboration market. Adobe plans to use this beta site to solicit feedback on the type of online collaborative tools and processes used in the SMB market. Upon completion of the beta, the company will provide pricing information for the service targeting workgroups and departments.

- ☒ **Acrobat Connect.** Newly announced in productized form on May 19, 2008, Acrobat Connect is an online meeting and training facilitation product. The application can manage registration, curriculum and content creation, and attendee progress, and it provides a host of collaboration features to facilitate online meetings.
- ☒ **Adobe LiveCycle.** This is the flagship product of the BPBU group providing the ability for customers to redesign business processes. The suite enables document processes to securely span the corporate firewall (internally and

externally) while providing real time interfaces to applications over diverse infrastructures. The company stated that sales of Adobe LiveCycle suite have been growing at a compounded annual rate of 30% since its initial release in 2003 and expects 2008 revenue to top \$200 million.

Adobe has focused on large independent software vendors (ISVs) such as Oracle and SAP along with systems integrators (SIs) such as IBM to deliver the product to market.

The company believes that these four technology planks and their ability to integrate seamlessly can provide enterprises with significant document processing improvements beyond what exists today.

Strategic Initiatives

During the conference, Adobe provided ample time and sessions dedicated to discussing not only the business needs that can be addressed by Adobe LiveCycle but also the technology directions to support these initiatives. The following sections describe the business and technology strategies discussed during the conference.

Business Initiatives

Adobe outlined specific business initiatives and target markets where Adobe LiveCycle and other BPBU offerings can have the most impact for the company. These initiatives included:

- Adobe shared that it would be increasing its marketing campaigns in the industry to create more awareness for how BPBU products can collectively address complex business processes.
- The company will continually seek to improve and expand its partner relations with both systems integrators and independent software vendors. This is a major channel strategy, which will be augmented by Adobe's specialized direct sales force. Although the company did not identify specific document solution OEM vendors, it did state that that was an additional channel it was considering.
- To broaden its channels ability to engage with customers, Adobe stated that it would be developing vertical solutions accelerators. Adobe defines these as LiveCycle applications that address specific business processes within targeted markets that can be customized by partners and/or Adobe to meet specific enterprise needs. Examples of targeted solution accelerators include:
 - Account Opening processes found in such verticals as financials and insurance
 - Case Management and Enrollment processes found in government
 - Design Collaboration and Field Management processes found in manufacturing
 - Electronic Submissions and Clinical Trial Management found in life sciences

The company believes that building a comprehensive library of process-focused accelerator applications will attract a larger development and distribution community for its products.

Technology Initiatives

Adobe spent a significant amount of time discussing its overall technology platform and the advantages that it brings to advancing the functionality of business processes. During these discussions, Adobe outlined key technology infrastructure and capabilities that it believes are essential to meeting the growing demands of complex business processes. These technology initiatives include the following:

- ☒ Adobe believes in providing a robust infrastructure to develop rich Internet applications (RIA). Adobe believes that by leveraging its Flex development environment and deploying applications using Adobe AIR, it can create highly personalized and collaborative applications that address complex business processes. Adobe Flex enables developers to work with design experts to develop highly visual and interactive applications, which can be used to characterize business processes. Once the application is developed, it can be deployed using the Adobe AIR runtime service, which is operating system agnostic and is distributable to many different form factors.
- ☒ To comprehend and redesign business processes, the company continues to invest in its Workbench product that helps systems architects map out business processes and visualize the documents, business rules, and activities being performed. This provides a bird's-eye view of the entire process and can aid in streamlining business functions.
- ☒ Ongoing support of electronic forms to aid in transactional processes and support for security and digital rights will continue to help resolve regulatory and compliance requirements of regulated processes. Additionally, because communication is a significant element in many business processes, Adobe plans to leverage not only its legacy document output technologies and PDF but alternative media distribution mechanisms such as Adobe Flash to enhance business processes. These advantages seem realistic given the proliferation of PDF and Flash readers.
- ☒ The Adobe LiveCycle suite will continue to build out its management and delivery framework by enhancing business process management and monitoring along with content services and connectors to industry's leading content management providers such as IBM and Documentum.
- ☒ Finally, to facilitate the delivery and management of the LiveCycle solutions, the company is working to enhance its invocation, orchestration, and administration of all elements in its solutions.

FUTURE OUTLOOK

IDC believes that, from a document solutions and services perspective, Adobe has developed a well-articulated business and technology strategy to aggressively penetrate a large and growing market. As the transition from highly paper-based business process to multimedia content-rich business processes takes place,

customers will need to reexamine their document strategies to compete. During this reexamination, IDC believes that companies will need to embrace and leverage the following business process tools:

- ☒ As companies look to streamline and enhance business processes, significant portions of the business process may be outsourced. This is especially the case in document-intensive applications. To evaluate and optimize business processes, customers need to familiarize themselves with business process reengineering tools such as Adobe LiveCycle Workbench, which help to design and evaluate business processes in a visual and interactive way.
- ☒ The transition from paper documents to electronic forms can significantly accelerate the processing of traditional transactional documents. In addition, image capture, output management, and the personalization of communications documents within document processes will continue to be important. Adobe continues to provide significant value in these areas.
- ☒ Given the compliance and regulatory requirements that apply to many business processes today, companies need to insure that documents and document processes are both auditable and secure. Adobe provides policy server applications, which help manage digital rights around documents.
- ☒ With the pervasiveness of mobile computing, customers will need to consider how applications can be deployed and managed. Application deployment strategies such as Adobe AIR and Microsoft Silverlight 2.0 provide an infrastructure for delivering highly interactive application interfaces to desktops, mobile devices, and perhaps even MFP devices in the future.

Overall, IDC believes that there are significant opportunities and challenges associated with streamlining both horizontal and vertical processes within today's enterprises. Adobe had articulated a strong business and technology strategy which reflects a deep understanding of both documents and processes. The company, in conjunction with its partners and delivery channels, should be given high consideration by enterprises looking to revitalize how they conduct business.

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