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MARKETSDEALS

Adobe to Buy Collaboration-Software Company Figma for About \$20 Billion

The technology giant also reported quarterly net income of \$1.14 billion



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Adobe Inc. **ADBE** **-16.96%** ▼ agreed to buy collaboration-software company Figma for around \$20 billion, in the technology giant's largest acquisition.

Adobe, which will pay for the company using roughly half cash, half stock, unveiled the deal with its quarterly results, which it pulled forward from a planned afternoon announcement after The Wall Street Journal began inquiring about an acquisition Wednesday.

Adobe, which had a market value of about \$174 billion as of Wednesday's close, reported fiscal third-quarter net income of \$1.14 billion on revenue of \$4.43 billion, a 13% increase year-over-year.

Adobe on Thursday also issued fourth-quarter revenue guidance that fell below Wall Street expectations, citing foreign-exchange headwinds tied to the run-up in the U.S. dollar. Its shares fell roughly 10% to \$335.63 in premarket trading.

Figma specializes in cloud-based collaboration tools that help teams create and build web applications. Figma, based in San Francisco, was founded in 2011. Its products are akin to digital whiteboards in which designers and engineers can share design iterations and annotate them with feedback and suggestions.

The closely held, venture-backed company was last valued at around \$10 billion in June 2021, according to PitchBook.

Adobe Chief Executive Shantanu Narayen noted in an interview that everything we see on screens starts as a concept, which Figma's FigJam product allows people to generate collaboratively and remotely.

"When you go to engage with a mobile application on the web, somebody has to design that and then translate that into code," he said. "That's what Adobe and Figma can do."

Adobe, based in San Jose, Calif., is best-known by consumers for software programs including Adobe Photoshop, Adobe Illustrator and Adobe Acrobat used for graphic design, video editing and more. It also has segments focused on analytics and marketing as well as publishing.

Figma co-founder and CEO Dylan Field will report to David Wadhvani, president of Adobe's digital media business, following the deal's close.

Adobe has been an active acquirer over the years, having bought Workfront Inc. for around \$1.5 billion in 2020 and frame.io Inc. for around \$1.275 billion in 2021. But it has not done a deal anywhere near the scale of Figma. Its largest deal to date, according to FactSet, was a \$4.75 billion purchase of Marketo Inc. in 2018.

The software sector typically supplies a steady source of deals each year as established players continually seek to expand their offerings, especially those for corporate customers. Notable combinations in recent years include Salesforce.com Inc.'s \$28 billion purchase of Slack Technologies Inc. But such deals slowed in 2022 along with deal making in general, which is down 30% to date, according to Dealogic. They have been hampered by volatile stock prices, uncertainty over the economy and the antitrust environment.

Still, there have been some big ones this year, including Microsoft Corp.'s \$75 billion pending purchase of Activision Blizzard Inc. and Broadcom Inc.'s roughly \$61 billion pending purchase of VMware Inc.

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