

JEREMY B. DANN

## “Kickboxing” at Adobe Systems

They wandered in slowly to the large, high-ceilinged conference room on the ground floor of Adobe Systems’ office tower. An authority on sound mixing. A typography designer. An e-commerce specialist. As the crowd of 40 assembled, the room began to take on the air of a kickoff meeting for a major new product development effort. However, if all went according to plan, this had the potential to turn into a kick-off meeting for 40 new products.

The Adobe employees—ranging from a 20-year veteran to a newbie who just received her access badge three days before—all noted the bright red boxes arrayed on the stage. The boxes had become quite famous within the halls of Adobe’s San Jose, California headquarters and, indeed, in many other Adobe facilities around the world. The cardboard containers held the tools the Adobe team-members would use to investigate business opportunities and build new ventures from scratch over the next several weeks—including some seed capital.



Behind the red boxes was the black-shirted Mark Randall, the creator of this innovation and intrapreneurship program—“Kickbox” (an amalgamation of “kick-start” and “box”). A sound technician attached a lavalier microphone to Randall’s shirt as a videographer checked a camera on a mount nearby. This Kickbox session would be recorded so that it could be shared with other Adobe employees and, potentially, with other companies. Eager to get started, Randall started to address the crowd even as the film crew continued to adjust sound and lighting levels. “Hello, and welcome to the Adobe Kickbox program! Somewhere in this room is the thousandth person to go through our program. I think that’s pretty cool.”

Randall, Vice President for Creativity of Adobe’s Digital Media Business Unit, had developed the Kickbox program almost two years before with a simple premise: participants would learn how to test the potential of a new product or service without having to go through the kind of processes associated with most large companies. Drawing from the principles of the “lean startup” movement, Randall called on participants to get products in front of customers quickly, learn from early user interactions and adapt plans swiftly. Randall and David Wadhvani, the executive sponsor of the innovation initiative, were gratified by the high levels of volunteer participation in the program.

A half-minute into his introduction, Randall was cut off by the film crew due to some technical glitches. He started his spiel again—and was halted once more a few seconds later. Keen to kick off, Randall, in a manner especially appropriate for a savvy veteran in the media software industry, declared to the film crew, “OK, let’s get this rolling! We’ll fix everything in post!”

## From Entrepreneur to "Intrapreneur"

Mark Randall grew up in Arcadia, California, 13 miles northeast of downtown Los Angeles. After attending California State University, LA, Randall found employment in Los Angeles' early tech startup scene. He went on to work for a series of early-stage companies in the Midwest, Bay Area and Sacramento. In 1992, Randall joined a startup that would go on to develop one of the first computer-based systems for editing video. Their product was dubbed "The Video Toaster." In a speech at the 1993 National Association of Broadcasters Conference, Randall proclaimed, "Someday your favorite TV show will be made by you or someone you know."

In 1995, Randall, now a "veteran" in a still embryonic industry, cofounded Play Incorporated with his best friend Paul Montgomery and a handful of others. The firm created professional-grade software for video editing, animation and special effects, as well as some applications geared toward the consumer market. About a year and a half after starting Play, the team was approached by investment bankers. "They wanted to take us public at \$240 million, but we didn't think the company had reached its full potential yet," Randall stated. The founders decided to build the business for a few more years before considering an initial public offering. When discussions started again, the bankers ascribed a \$650 million valuation to Play, according to Randall. However, in the midst of the preparations for the IPO "roadshow," Montgomery, on a short trip to Seattle, died of a heart attack at age 39. After the unexpected death of his friend and business partner, Randall reflected. "I began to think about the focus we'd let creep in: letting the financial returns define our feelings about our own success. When suddenly Paul was gone, it highlighted to me that we really missed something about our motivations...why we were there...and what the focus was." Play was sold in a private transaction in 2001 for "substantially less than \$650 million." Randall had already left his management role within the company.

Randall took some time away from business and most other activities for personal reflection. Within a few months, however, he felt drawn back to the startup world. "When I left Play, I thought I might never be involved in another startup," he remarked. "I wanted to focus on what I found fun and fulfilling: identifying a major customer need, recruiting and motivating a great team and then building an amazing, high quality product." Randall founded Serious Magic in 2001 to explore emerging niches in the digital media marketplace. The company built software for video blogging, video editing and green screen visual effects, among other uses. Serious Magic was acquired by Adobe Systems in 2007 and Randall joined the San Jose software maker as a part of the transition.

### **Adding to Adobe**

Adobe was founded in 1982 by John Warnock and Charles Geschke, formerly researchers with Xerox's famed Palo Alto Research Center (PARC). The pair formed their own company to develop and commercialize the Postscript language. Postscript revolutionized the way computers dealt with graphics and fonts; the new language was a major enabler of the desktop publishing revolution of the 1980s. Deepening its leadership position as a provider of technology tools for creative professionals, the company also marketed software such as Illustrator and Photoshop. In 1993, Adobe Systems released Acrobat and introduced the Portable Document Format (PDF), setting standards for

Prof. Jeremy B. Dann, Lecturer in Entrepreneurship, prepared this case. The author would like to thank Case Fellow Juliana Siward, USC Marshall MBA 2014, for her contributions to the project. This case was developed from field research and published sources. Cases are developed solely as the basis for class discussion and are not intended to serve as endorsements, sources of primary data or illustrations of effective or ineffective management.

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electronic documents. Over the next two decades, Adobe continued to augment its offerings in the creative software arena with products like InDesign (page design and layout tools), Premiere Pro (video production and editing), Dreamweaver (website and mobile content design) and Flash (software platform for graphics, animation and games). By 2007, when Randall joined, Adobe enjoyed the top position in many creativity software categories and boasted revenues in excess of \$3 billion. By 2014, Adobe was among the top ten software companies in the world<sup>1</sup>, generating over \$4 billion in revenues and employing over 11,000 people worldwide (see Exhibit 1 for historical Adobe Income Statements).

Even after he had stayed on at Adobe long enough to achieve his contractual retention incentives, Randall remained at the large software company, reveling in both the technical and marketing challenges. "I had never worked for someone else in my adult life, but I kept finding interesting opportunities and feeling the upside of a large organization," he commented. "It was really a 'toybox' of cool technologies and innovations within product areas I had always found inherently interesting." Randall applied many of his lessons from the world of entrepreneurship within the environment at Adobe, but acknowledged that some adaptation was necessary. "It's an inverted set of challenges. A startup can do anything, but you need to work hard to get the resources," he noted. "At Adobe, there are plenty of resources, so you can really build momentum. The challenge comes in building organizational alignment." In 2010-11, Randall played a leading role in driving the creation of Adobe Pass, a technology platform and authentication service which helped broadcasters stream their video content to a variety of digital devices. For this technical achievement, Adobe was honored by the Academy of Television Arts & Sciences with an Emmy Engineering Plaque in October 2012.

After the Adobe Pass project, Randall spent the better part of a year on strategy projects for the company, but then began to feel the urge to "roll up the sleeves again and do the product thing." He started to put together a concept for a service that could help Adobe customers get almost instantaneous creative feedback for projects they were working on. "Designers get stuck. I wanted to see how they got unstuck," Randall recalled. "I wondered, 'What if the most valuable creative tool was not a new technology, but the ability to connect with other creative people at just the right moment?' I wanted to look at the problems they dealt with that didn't involve putting pixels in the right place."

Not only did Randall want to investigate this new opportunity, he wanted to do it in a manner atypical of Adobe and many large technology companies. "I wanted to work quietly and quickly," he noted. Influenced by the ideas of entrepreneurs Eric Ries and Steve Blank, proponents of the "lean startup" movement, Randall sought to test his idea before building anything—committing very little and experimenting a lot.

Randall posted an advertisement on Craigslist, the popular online classified ad service, offering a free sushi lunch that afternoon to any graphic designer who would spend an hour with him sharing his or her experiences. He received dozens of responses within hours. Randall thumbed through local advertising circulars to find what he considered very poorly laid-out ads. He brought these ugly ads and a pocketful of Sharpie markers to the lunch meeting, presenting his dining companions with a challenge: "How would you help a friend who created this design?"

Almost without exception, the graphic designers marked up the local ad layouts quickly and decisively. "The longest one took probably two minutes. I learned a lot about the visual language these designers used to mark up the ads," Randall said. "I asked them, 'If your friend implemented all your feedback, how much better would this ad be?' They generally responded with a figure of 80 or 90 percent better."

In addition to learning about feedback within the creative process, Randall was also gleaned information about the innovation culture of Adobe. "This is a very customer-engaged company. But,

when I explained my project and methods to individual contributors around the office, a lot of them would ask 'Are we allowed to do that?' They assumed they could only talk to customers if they had management permission or if there was a market research specialist there," Randall stated.

Though Randall was officially in the Adobe Research group at the time, the company's Digital Media Business Unit (Digital Media) bore primary responsibility for servicing the type of creative professionals Randall was interviewing for his under-the-radar project. Randall decided to meet with the head of the business unit, David Wadhvani, in order to discuss his early-stage work (Randall had at one time reported to Wadhvani). Wadhvani was not only intrigued by Randall's early findings about the value of feedback among creative professionals, he also zeroed in on the lean startup methods Randall had employed to generate the insights. Randall told the Digital Media head that he could create a rough prototype and validate user interest within eight weeks. Wadhvani enthusiastically endorsed the project and contributed \$60,000 in cash and other resources to the effort.

Randall and his new ad hoc team began work on testing and refining the concept, dubbed "Fast Five." Though some of the service would be automated, Randall and his colleagues needed to "fake it," working manually to complete many tasks that would be handled by computers if Adobe ever decided to launch the concept as a business. "We didn't want to invest too much into the technology itself, because we didn't know what this would ultimately be. A new product? A service? A button on our existing products?" Randall recalled.

While users who submitted files for quick feedback commented that they found value in the service, Randall and his team were surprised by the level of engagement exhibited by the providers of the feedback. "To simulate the full service without coding it all, we were paying design students \$10 to provide brief feedback on submitted designs, but they were sometimes investing what looked like hours of work," noted Randall. "They were calling us and writing us asking, 'How did that person like my feedback?'. We discovered there was real enjoyment and entertainment value for the reviewers in providing this feedback."

Randall and his team ran their trial for five months, but generated most of their insights over the first eight weeks. "We learned things that surprised us and confounded our expectations. So then you have the question: do you pursue the product you envisioned or create the one users seem to want?" Randall mused. Adobe never launched the feedback tool as a standalone product or service, but the insights from the project helped shape the company's acquisition strategy in the professional social networking arena.

### ***New Methods, New Mindsets***

Wadhvani saw in Randall's experiments the makings of a whole new platform for innovation and intrapreneurship at Adobe. In a company dominated by huge, highly technical development projects, Wadhvani had been looking for a way to establish a more rapid, experimentation-oriented business-building capability. "I heard about what Mark was doing before he came in to meet me. Colleagues were saying, 'There's a creative agitator out there with lots of wacky ideas. We don't know if any of them are any good, but there are lots of them,'" Wadhvani remarked.

David Wadhvani came to Adobe in 2005 when the company acquired Macromedia, the maker of Flash, Dreamweaver, and other digital media software products. Wadhvani, who had served as Macromedia's Vice President of Engineering for its core Flash product line, keenly observed the "marriage" of the two contrasting, but potentially complementary cultures. "You had the small and scrappy Macromedia combining with deep science and deep thinking at Adobe. That combination was hard to get your arms around, but I give credit to the leadership of the organization, who worked

to create one unique culture that worked really well," he remarked. Wadhvani noted that the combined entity was extremely strong in creating what he called "linear innovations." He recalled:

*Within Adobe and the Digital Media Business Unit, we were able to do amazing things with Photoshop at a really good pace...we were able to do great things with Flash at a really good pace. We were very good at innovating in the products we had, but we needed to shake up how we encouraged innovation beyond our core products even if it could disrupt our business, but it didn't result in a culture of disruptive innovations where people were thinking outside the figurative box. That's one of the core things Mark and I were looking to change.*

Wadhvani wanted to evolve his organization's innovation capabilities to the new competitive realities and customer opportunities Adobe faced. "I took over the Digital Media business about three and a half years ago. While our revenues were rising modestly, when you looked under the covers, the number of units we were selling wasn't growing. Meanwhile, the 'world of creativity' was growing faster than ever, but we, somehow, though the leader in aiding creativity, weren't attracting new users at the pace I would have expected. That was a major impetus to think differently," Wadhvani declared.

As Wadhvani observed Randall's lean startup-inspired Fast Five project, he saw the core of a program that could train and mobilize more potential innovators within Digital Media. Wadhvani asked Randall to define the approach and develop a system that could greatly expand the number of employees engaged in the company's innovation processes. Wadhvani remarked:

*Just talking about innovation can be very disempowering to the employee base. They see exciting projects going on, but others are participating in them. They think, "Why don't I get these opportunities." It can be luck of the draw...proximity or access to an executive. If you're not lucky enough to be in a certain position serendipitously, you're out in the cold.*

As Randall thought about how to build a grassroots innovation program, he began to gather data from Adobe colleagues at all levels about the company's environment for innovation. In the summer of 2012, he sent out a survey to "likely innovators" (subscribers to certain email newsletters, members of research groups, etc.) at many levels in the organization. While Randall found that 94% of those he surveyed stated they wanted to participate in innovation efforts at Adobe, a smaller percentage agreed with the statements "Adobe is counting on me to innovate" and "I have the time to innovate." This gap revealed the opportunity to get more Adobe team members involved in business-building efforts.

Wadhvani and Randall wanted to mobilize these employees in a program that would give them hands-on innovation skills as they conceptualized, researched and tested *real* product or service ideas. "We need to change mindsets. There has been a lot of talking about innovation and not enough execution," Wadhvani declared. Randall also emphasized the importance of learning through action. "If I'm teaching someone to swim, I'm going to do it in a swimming pool, not a classroom," he said.

Wadhvani asserted that the program they rolled out should be announced very publicly to the employees of his business unit. "I wanted the intentions to be well understood and the scale of our goals to be very well known," said Wadhvani. "I wanted management to know this was important—we needed follow-through. I'm not a fan of the '20% time' some companies employ to generate new concepts. The first time there is any sort of pressing deadline, that's the first thing that goes."

## How to Kickbox: Instructions for Innovators

The opportunity to develop a massive grassroots system for generating and executing business concepts excited Randall. "I really believed this needed to be a new take on corporate innovation. People often look to some central authority to bless new ideas or grant permission but if that blessing is not forthcoming, they get disillusioned and stop submitting their ideas," observed Randall. "But what if you took away that decision-making authority? What if every idea got some funding without any type of screening?"

Randall set to work creating a program that could build up Digital Media's innovation and intrapreneurship abilities through a "learning-by-doing" system. He learned early on that he would need to adjust his approach for the broad constituency Wadhvani wanted to target. "People were very interested in 'the process.' I kept saying, 'Well, it's not really a process, it's a mindset.' Then I figured I better stop arguing with my customers," Randall remarked. "I needed to break it into discrete steps and turn this thing into a process."

When dozens, if not hundreds, of participants started experimenting with their new ideas, they had the potential to run afoul of certain legal complications, Randall feared. He decided to contact Adobe's general counsel's office to find out what kind of "guardrails" the program might need and how those guidelines could be structured to maintain flexibility for the aspiring intrapreneurs. "When Mark first called me, he asked, 'What's going to get me in trouble? What can't we do?'" remembered Donna Kolnes, Associate General Counsel at Adobe. "Once he explained the goals to me, I thought it was a really exciting program. I tried to find a solution, to be an enabler for just about everything they wanted to do." Kolnes and her colleagues developed a two-page document with 12 guidelines that they believed all participants should be familiar with. Among the prime considerations was adherence to the prohibitions on marketing to minors contained in the Children's Online Privacy Protection Act (COPPA), the law which prohibited the collection of personal information from children under 13 years of age. The legal team also believed the ventures should not accept payments, even though gauging willingness to pay and experimenting with price levels might prove valuable to the program's participants. The counsel's office suggested that the internal startups present hypothetical pricing to prospects to measure reactions, but not consummate financial transactions.

Randall wanted to hand over something symbolic to the program's participants to signify a departure from their normal mode of working. He decided to package up—literally—the process and the tools that participants would use to execute their entrepreneurial ideas. The program materials would be enclosed in a red box, a decision that inspired the name of the program: "Kickbox." The items included in each Kickbox included:

- A letter from David Wadhvani welcoming participants to the program (see Exhibit 2)
- A set of quick reference cards describing the six levels of the process Randall had codified. Each level included with a set of activities required to advance to the next step of the process. The levels included (see Exhibit 3 for the "start here" card and a description of Kickbox process steps):
  1. Inception
  2. Ideate
  3. Improve (see Exhibit 4 for a description of this step)
  4. Investigate
  5. Iterate
  6. Infiltrate
- \$1000 on a pre-paid credit card: Randall believed that Adobe's aspiring corporate entrepreneurs would require some cash to fund their research and experimentation over

the 8-week run of the Kickbox process. He envisioned participants acquiring domain names, engaging polling/research services and purchasing search engine advertising to engage interested prospects. He also encouraged them to use their funds to engage with customers "in the real world." Randall didn't want Kickboxers to feel constrained by typical corporate expense and reimbursement rules, so he worked with Adobe's accounting department to eliminate the requirement for expense reports and pre-approvals. "We don't want innovators looking over their shoulders. We trust employees with our products and innovations, which form the lifeblood of the company. It would be incongruous to trust them with that, but not trust their best judgment investing \$1000 in innovation funds," Randall commented.

- Scorecard: Kickboxers were encouraged to hand out a scorecard to any internal constituencies they discussed their business concepts with. Randall created this simple tool to focus conversations and generate actionable feedback for the Adobe entrepreneurs. Randall instituted this tool since he felt feedback in many corporate settings was lacking in specificity and usability. "This sounds great! You should do it! That's the single most unhelpful kind of feedback there is. We really want people to engage and judge," he stated. (see Exhibit 5 for the Adobe Innovation Scorecard)
- An electronic timer: Randall recommended that participants employ a timer when conducting their own focused individual ideation sessions. He noted, "Having a fixed length of time seems to increase creative output."
- A "general notebook" intended for note-taking in the workshop and in customer meetings.
- A "bad idea notebook", the cover of which was emblazoned with the declaration "all great ideas first look like bad ideas." Kickboxers utilized this to log their business concepts and other supporting ideas.
- Post-It notes for ideation sessions
- A Starbucks gift card and a chocolate bar. "Sugar and caffeine are, to my experience, two of the four major food groups for innovators," Randall quipped.

Kickboxers were encouraged to utilize the tools within the red box to accumulate information, refine their plans and move as quickly as possible to create a mockup or prototype. Participants could then test key hypotheses and gather further insights based on customer engagement. Consistent with the "brand decoupling" notion in the lean startup community, Kickboxers were advised to not use the Adobe name or Adobe brands in their experimental mockups. This prevented customer reactions from being influenced by association with Adobe's brands. Randall commented, "It's important customer validation data around new ideas be based solely on the value proposition being tested."

Randall encouraged participants to simulate functionality instead of taking the time to develop the required computer code. "I tell them 'He who codes first loses.' Sometimes that attracts a noticeable 'Aaaaaaw' from the crowd as there is usually a sizable techie contingent," Randall stated. "You don't want to put your ideas in concrete—and investing in coding adds a layer of concrete."

Randall was a firm believer that employees at all levels of the organization could gain further traction for their new product ideas if armed with real customer engagement data. "Even as a junior person, you can end a lot of arguments if you are the one who brings the data. An executive might believe that customers won't value something, but if you have the data that shows that they will, you win," Randall declared. "Without data, it's the 'HIPPO' approach that dominates. The 'Highest Paid Person's Opinion.'"

Armed with data from their experiments, Kickboxers advanced to Level 6 of the process: Infiltrate. In order to justify their continuation in the program, they needed to attract funding from any of the scores of senior managers within Adobe (Randall disqualified himself from providing resources to the ventures). An additional investment of at least \$2000 qualified the intrapreneur to receive a “blue box,” which included additional levels of activities and more access to funding and venture-development coaching (though Randall encouraged passionate Kickboxers to develop their ideas as long as they personally continued to see potential and felt their experiment’s results proved their concept’s worth). While the blue box’s required funding step provided resources for the budding businesses, the act of soliciting funds also made the executive’s feedback more honest and to-the-point. “My peers want to encourage innovators, so sometimes they’ll be too nice, offering platitudes instead of the tough love that’s most useful,” Randall remarked. “That’s why I tell innovators, ‘The only sure way to know what an executive really thinks of your idea is to ask for money.’”

### **Rollout**

Both Wadhvani and Randall were eager to launch their “learning-by-doing” entrepreneurship program. Randall found an opportunity to try out the structure just four weeks after his September 2012 meeting with Wadhvani. “I ‘shanghaied’ an existing internal workshop,” Randall remarked. “The organizers still hadn’t programmed the activities and what David and I wanted to do seemed to fit with their goals.”

Though Randall believed the material in Kickbox could fill a one-week, highly participatory workshop, in order to increase the reach of the program, he opted to compress the classroom portion into an immersive two-day, all-day experience. During the workshop, Randall shared some of his own experiences—in both the realms of entrepreneurship and intrapreneurship—and then briefed the participants on the six levels of the post-workshop research and experimentation process.

After the first workshop, Randall gave the participants the choice of opting out of the next eight weeks of business building. “They could literally just return the red box to me. Only one person did it; 59 out of 60 decided to go for it,” Randall noted. “That showed me we were doing this in the right place.” Over the next several weeks, certain business concepts seemed to rise to the top. Randall was somewhat surprised when Kickboxers began to join up with colleagues whose ideas seemed to be gaining more traction, pooling both their time and what remained of their initial \$1000 of seed capital. Most of the first group worked through the experimental validation phase of the Kickbox program. Only a handful dropped out due to unforeseen circumstances.

News of the new innovation program quickly spread through Adobe’s San Jose headquarters and other offices. Randall fielded employee requests to conduct Kickbox sessions in other offices around the world. Over the next 12 months, he led domestic Kickbox programs in San Jose, San Francisco and Seattle and international sessions in Bucharest, Romania; Hamburg, Germany; Bangalore, India; Beijing, China; Tokyo, Japan and other locations, logging tens of thousands of flight miles. In one five-day stretch, he launched Kickbox Tokyo for 30 employees and then guided the two-day seminar for 100 employees in Beijing.

According to Randall, approximately two-thirds of Kickbox participants came from the disciplines of software engineering, product management and program management. Randall also noted the involvement of some employees representing sales, customer support, human resources and internal information technology services. “I tell everyone that Steve Jobs wasn’t a programmer, so I would hope people with a variety of skillsets feel comfortable participating,” Randall stated. Kolnes of the general counsel’s office, for one, wanted to see more participation from under-represented departments. “I don’t think anyone from the legal group has done it, but I think it would be great,” she commented. “Most people think Kickbox is probably geared more toward engineers, but I think

good ideas can come from anywhere in the company." Kickbox participants were all volunteers, though they did need to get signoff from their managers to spend two days in the workshop and at least 40 hours of their time over roughly the next eight weeks on their projects.

Randall served as a mentor to many of the internal startups during their experimentation and execution process. Randall estimated that he spent approximately 40% of his time on the workshops and his mentoring role. As the program started to scale, he enlisted both Adobe veterans and some external entrepreneurs to serve as business coaches for the Kickboxers. Likewise, though Randall delivered almost all of the content early on, as intrapreneurs made their way through the process, he began to recruit veteran Kickboxers to serve as ambassadors and educators for the program.

### ***The Kickboxers: Emerging Entrepreneurs***

#### **Red Boxes in Romania**

Bogdan Ripa participated in one of the first international Kickbox workshops—in Bucharest, Romania. Ripa had co-founded a 30-person IT development firm that was acquired by Adobe in 2006. He served as one of the leaders of the 300-employee facility in Bucharest, Adobe's largest engineering presence in Eastern Europe.

"I've always had the 'bottom-up' innovation mentality, but I never thought Adobe had a framework to do it. There were executive boards you could present ideas to so they could measure the potential, but very few people went down that path," Ripa stated. "When I heard about Kickbox, the first thing I did was call Mark and tell him he had to come to Romania."

Ripa noted: "I felt the program really filled a gap. Adobe has been doing a lot of acquisitions to procure both talent and products. There haven't been too many major products we've developed from scratch over the last several years."

During the Romanian Kickbox session, Ripa began to champion a new kind of creative marketplace that could also help the company deal with intellectual property protection issues. In 2012, Adobe had started to move its "Creative Suite" customers from a packaged software model to a software-as-a-service model. The new "Creative Cloud" allowed customers to access Adobe's core media software via an on-demand service. Adobe charged a monthly fee for Creative Cloud—ranging from \$9.99 for the just photography applications to \$49.99 for the full array of media products. While many users viewed Creative Cloud as a way to reduce their expenses, some pushed back against the new model feeling they couldn't afford it. "I wanted to give them a way to pay for it through their skills," Ripa stated.

Ripa planned to build a platform that would allow media professionals to offer up their services for an hour or two a month to earn access to Adobe's Creative Cloud. The creative pros could utilize their knowledge of Adobe's tools to quickly execute small projects for consumers who might want certain photos, graphics or other output touched up. The experiment, photoedit.me, was launched as a service that allowed consumers to submit batches of photos to skilled Photoshop users for a quick round of retouches, light filtering and other tweaks (see Exhibit 6 for screenshot). The Photoshop experts could extend their Creative Cloud subscription by enhancing an allotment of photos.

Other participants in the Bucharest workshop joined up with Ripa's nascent effort, contributing their time and the remnants of their seed capital. In spite of the excitement around the concept, the initial trials did not generate positive results. "We were expecting a waterfall effect, but it didn't prove to be viral. Finding the supply of creatives didn't prove too much of a challenge, but it was harder to find enough demand with the consumers. That was the biggest lesson," Ripa remarked.

After the photo retouching marketplace experience, Ripa noted the temptation both organizations and individuals might feel when they launch new ventures. "People fall in love with their ideas. And there are always 'dials you can turn' to try to improve the results," he said. "The big puzzle is 'when do you stop?'"

Even after Ripa's team shut down the marketplace, Ripa found himself utilizing Kickbox approaches for two other concepts he wanted to test. The first was a new distribution method for items from the "creative commons" like logos and icons. The second was a technology that would allow advertisements to be customized based on social networking profiles. He wanted to test if ads featuring the pictures or endorsements of friends would perform better than regular Internet ads. He created two comparable shoe advertisements, one of which featured his picture, and sent them to hundreds of Facebook friends. "The advertisements that featured my face had ten times the conversion rate as the normal ads. That's huge," Ripa asserted. "If you want to develop the idea further, that's an important number to anchor with. And I only spent two hours to run that part of the experiment, relaxing next to the Black Sea waiting for the results."

Ripa continued his involvement with Kickbox through 2013 and 2014 by mentoring several teams all over the world and even teaching a section of the workshop with Randall in several countries.

### **"Mr. Crayons" Spots an Opportunity**

An Adobe veteran of six years, Mike McHugh started his career in the company's Melbourne, Australia office as a solutions consultant, a customer-facing position. "After working for years at a graphic design firm, I was really drawn to the products. I loved the tools. Adobe was the only big firm I wanted to work for," commented McHugh.

Despite his respect for the company, McHugh began to feel frustrated by the challenges of contributing to innovation in a large organization, especially from a regional office. "I tried to put forward ideas at the regional level, but they went nowhere. Maybe the best I could hope for would be the chance to pitch a new feature," he noted.

McHugh cited a series of viral videos that he and a colleague created to answer common user questions about Adobe products. The duo combed through social media sites such as Twitter and Facebook to isolate customer concerns about new products and features. Posing as the characters "Mr. Crayons" and "Nerd Boy" (representing the creative and technical aspects of products), McHugh and his collaborator created a series of irreverent videos in which they explained how to use misunderstood functionality within Adobe's software. "We disguised ourselves and used a voice changer, to give it an 'underground' feel," McHugh noted. The duo created 50 videos and attracted 2000 followers on social media. A colleague recognized the secretive social media stars and encouraged them to share their concept within the company. When McHugh and his partner pitched the viral video program to some internal groups who could help develop it further, the duo sensed that the concept would not garner internal support if they continued to pursue it.

When he had the opportunity to transfer to Adobe's group focusing on education customers, he decided to change his role and his location. Now an occupant of the San Jose headquarters, McHugh embraced the chance to join the second Kickbox seminar. In the weeks following the training, he pursued a concept around a mobile app for creating new typography fonts. He generated potential names for the product including "Redsetter" (due to Adobe's red logo) and "Helpetica" (derived from the popular font Helvetica). McHugh created an extensive mock up of the product and a video explaining the concept and then embarked on a campaign to generate interest using Google Adwords. "Internal groups loved the idea. The problem was when I went out to Internet forums for typographers or sought out interviews with professionals, they said they would never use it. They hated it," said McHugh.

Utilizing the remaining \$400 from his seed capital, McHugh investigated another idea. He wanted to develop a messaging application geared toward the teen market. He dubbed the project "Spitball."

"I had tried something Adobe liked and the customers hated, so I thought I would try something Adobe wouldn't normally do, but users would like," chuckled McHugh. Spitball would allow users to surreptitiously write and "pass" notes to their friends within an app. McHugh wanted to incorporate certain bygone elements of the note-passing experience before texts and messaging applications. "You write a note using multiple kinds of digital pens or markers. You scrunch it up on the screen and 'flick' it to your friend. 'What are you doing Saturday?' The friend can write down her response and flick it back," McHugh explained (see Exhibit 7 for screenshots).

McHugh began the process of vetting the Spitball concept within the company. The first several responses he received? "This is cool, but Adobe won't do that." McHugh explained his frustration:

*They were referring to the logo as a person. But "Adobe" is a publicly listed company, not a person. When you're telling me "Adobe won't do that," you're actually saying that you won't do that. People need to realize is that Adobe is them. They are making the choice. They are saying "yes" or "no."*

The aspiring intrapreneur conducted dozens of internal meetings to build support for his idea. McHugh was somewhat surprised when the responses became more positive the higher he went up in the organization. "The first person to give me resources was the Vice President of Engineering. I'd only had one meeting at the VP level before in my life!" he proclaimed. "I only wanted \$2000 to keep the project going, but I was given access to two great coders overseas. That's worth tens or hundreds of thousands of dollars."

Within weeks, McHugh and his remote team had created an app with much of the functionality McHugh envisioned. They offered it through Apple's app store with no mention of Adobe. "We wanted to let users discover it. We posted it on Facebook and let it go with no advertising," McHugh remarked. "Any big company can put up an app, post some ads and get 50,000 to 100,000 people to download it almost immediately. But then you don't get the information you need to make it successful over the long term."

After the launch, the first Spitball drawing McHugh received was from David Wadhvani. "I started this to be a concept Adobe would 'hate,' but it's been great the way people have come to embrace what we can gain from Spitball and projects like it," noted McHugh. As of late summer 2014, Spitball had just over 700 active users.

## Next Steps for Kickbox

By the fall of 2014, dozens of individuals and small teams were roaming the halls of Adobe offices all over the world looking for information and insights—along with cash. Nearly a third of the employees within Wadhvani's business unit had gone through the program, as well as several dozen from other parts of the company. Approximately 800 Kickboxers had been in the program long enough to have realistically reached the blue box phase; as of fall 2014, 22 individual or team concepts had garnered a blue box.

Both Randall and Wadhvani were pleased with the groundwork that had been laid with the first year and a half of Kickbox (see Exhibit 8 for Kickbox concept examples).

"Gaining innovative businesses or technologies is the 'gravy' of this program, not the primary focus. As I first considered the concept of Kickbox, I thought that if we launched one substantial product out of the program in three years, that would be a solid enough ROI," Randall commented.

Wadhvani elaborated, explaining how he assessed Adobe's payback from the Kickbox program:

*Our goal is to give Adobe employees the most effective tools to help them realize their ideas. We encourage them to use the tools in the areas they believe they can have the biggest impact. Sometimes that means it's a new product idea they dream up on nights and weekends, sometimes it's a new business model they want to validate, but most often it's a new feature in an existing product. And if it redirects just a few people from working on the wrong feature, then a program like Kickbox more than pays for itself. This is all about the mindset that's being created. We want people to go back and do their jobs differently. We'll be successful if people can generate lots of ideas and learn how to test them before committing to them.*

Still, the two Adobe executives pondered options for the future of the Kickbox program, assessing how they might continue to enhance the initiative's benefits.

### ***Expanding the Reach of the Red Box***

"Mark is spending the equivalent of one day a week on this. I wonder if it should be more," Wadhvani mused. "Should we expand the number of teams? Should he have a bigger mentoring component with more people involved? Should we make Kickbox a part of the onboarding process for new hires?"

Since its inception, Kickbox had always been a purely voluntary experience. "I think the all-volunteer army fights best," Randall opined. However, Wadhvani contemplated ways he might expand the reach of the program. "Having this be a required experience once a year could definitely have an impact. When you do a program like this, it really affects your thinking for maybe two to three weeks. These techniques are really top of mind right after the program, but later on people get caught up in the other requirements of their jobs and revert to what they're used to," Wadhvani asserted. "We might want to invest in renewing this mindset and building on it."

Randall was considering developing a version of Kickbox that did not involve the participants investing dozens of hours over a period of weeks to investigate a new business idea. "Some people might stay away from the program if they don't already have a concept or if they feel they don't have enough time in their schedules. However, we might want to find a way to arm these kinds of people with the Kickbox mindset so that the methods can penetrate more deeply into the Digital Media organization," Randall noted.

Wadhvani and Randall had also discussed potentially offering up a well-documented, open source version of the Kickbox program so that other companies across a variety of industries could institute a similar grassroots innovation curriculum. That sort of initiative might entail Randall making several additional presentations a year in order to introduce other firms to the Kickbox program. Adobe could create online tools to make the Kickbox process and tools available to many more organizations around the world, as well.

### ***Innovation and Incubation***

When red box concepts advanced to the blue box phase, their champions still usually maintained their "day jobs." Randall knew there were other options for encouraging nascent ventures, but liked the system as it was structured within Adobe's program. "When a venture starts to look successful, the creator and his team can spend more time on it, but it is still 'incubated in place.' Sure, you might have them leave their other jobs and pursue something full time, but what if it doesn't work out? You've backfilled their job with a new hire," he stated.

Other companies pursuing new venture programs had instituted a variety of support systems and/or organizational structures for housing the embryonic businesses. Some had chosen to develop incubators, often a physical space in which corporate entrepreneurs could build their businesses. Others had chosen to let some of their internally generated ventures seek external funding and move forward as semi-independent entities—with a larger upside for successful innovators. Randall preferred that Adobe keep its budding ventures within the current organizational construct. “I get the question about ‘spinning out’ a lot from people outside the company. If we think something is a winner, and it’s in a market that’s important to us, why wouldn’t we do it totally inside of the company? Setting up some other structures would add a level of complexity,” commented Randall.

McHugh’s Spitball served as a case in point, Randall maintained. McHugh had organically added on more Spitball activities a few hours at a time, all the while maintaining most of his responsibilities in Adobe’s education group. However, thanks to the new skills he’d developed working on Spitball (including leading far-flung development teams), he would soon be transitioning into a product management role where one of his responsibilities would be scaling the Spitball experiment. “Spitball has made some progress, but the concept hasn’t ‘caught’ yet,” Randall said. “It might just end up being something adopted by a few thousand users, but, who knows...there’s a chance it could catch on. It fits really well into our risk/reward profile—especially given the modest resources we’ve put into it.”

### ***Creating the Next Creators...***

Randall and McHugh exited the Kickbox workshop room and proceeded toward the snack table just outside. McHugh’s presentation on the second day of the workshop had proven to be a highlight; he was mobbed by curious Kickboxers as he grabbed an oatmeal raisin cookie.

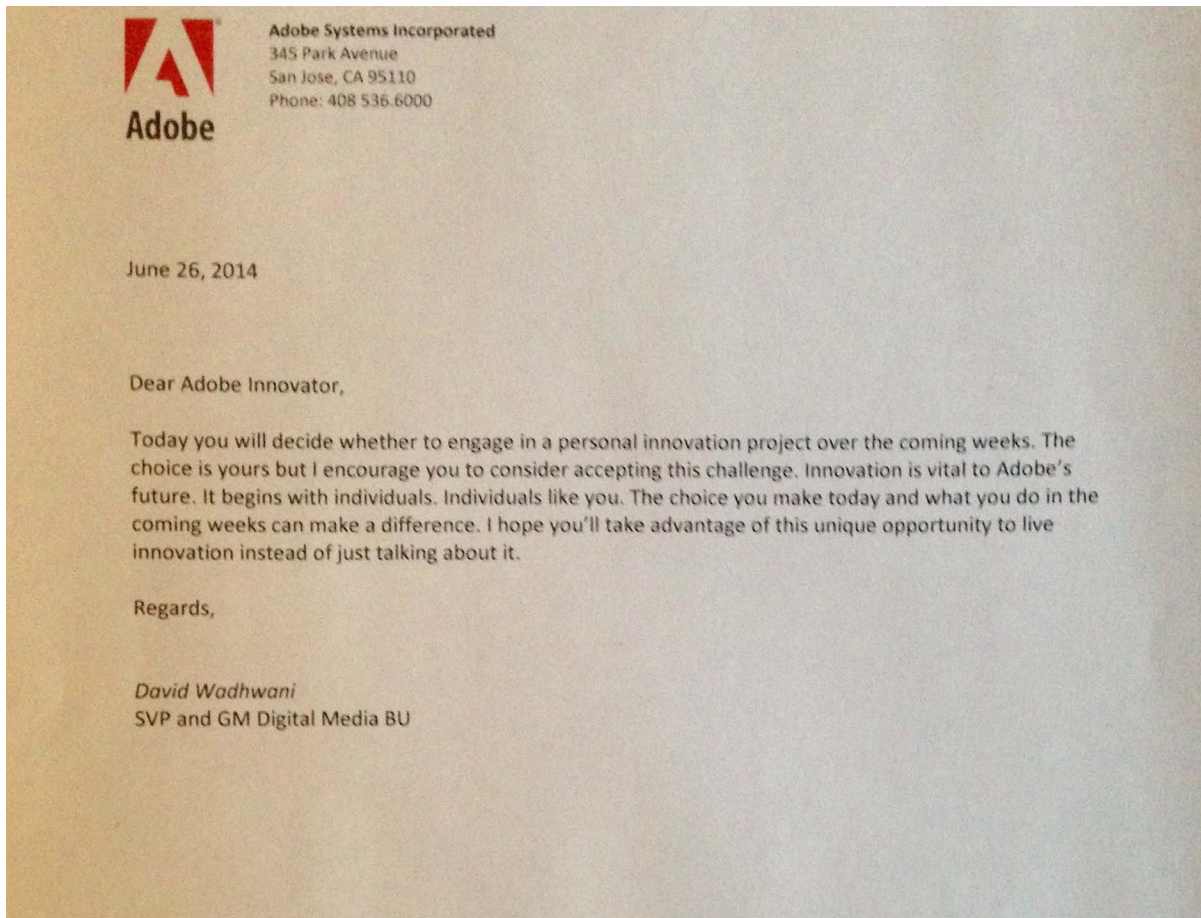
“Let’s catch up later about your new role,” Randall told McHugh, not wanting to disrupt the impromptu Q&A session in front of the break-time refreshments. McHugh munched on his cookie as he answered inquiries about social media marketing and feature prioritization. Randall looked at the cluster of ten around Spitball’s founder and wondered which of them—if any—might become the success story featured at the next Kickbox session.

**Exhibit 1: Adobe Systems Income Statement**

<b>Fiscal Year Ending</b>	<b>11/29/2013</b>	<b>11/30/2012</b>	<b>12/02/2011</b>
<b>Revenues</b>			
Products revenue	2,470,098	3,342,843	3,424,472
Subscription	1,137,856	673,206	450,645
Services & support revenue	<u>447,286</u>	<u>387,628</u>	<u>341,141</u>
Total revenue	4,055,240	4,403,677	4,216,258
<b>Expenses</b>			
Cost of revenue-products	138,154	121,663	125,640
Cost of revenue-subscription	278,077	219,102	194,033
Cost of revenue-services & support	<u>170,326</u>	<u>143,017</u>	<u>118,200</u>
Total cost of revenue	586,557	483,782	437,873
Gross profit	3,468,683	3,919,895	3,778,385
Research & development	826,631	742,823	738,053
Sales & marketing	1,620,454	1,516,159	1,385,822
General & administrative	520,124	434,982	414,605
Other	<u>78,751</u>	<u>45,740</u>	<u>140,606</u>
Total operating expenses	3,045,960	2,739,704	2,679,086
Operating income	422,723	1,180,191	1,099,299

Source: Mergent Online

**Exhibit 2: Letter from Head of Adobe Digital Media Business Unit to Kickbox Participants**



Source: Adobe Systems

**Exhibit 3: Example of Kickbox "Start Here" Card**

**Exhibit 3: Example of Kickbox “Start Here” Card, continued**

Start

The red box contains six levels, each with objectives called actions. Complete these actions to advance to the next level. Once you begin, the red box can only be exited by succeeding or by giving up. Here is the secret to beating the red box: don't give up.

If you conquer the red box, you earn an exceptional prize: a blue box. What awaits you in the blue box? There is only one way to find out.

### [Begin]

Inception. 1	To start any journey without understanding your true purpose is to fail before you begin. Your own motivations illuminate the path to success.
Ideate. 2	Great ideas emerge from great insight. Learn to spark your imagination by observing the world not as it is - but as it should be.
Improve. 3	All ideas begin life as bad ideas. Learn to grow bad ideas into good ideas and the secret of knowing which is which.
Investigate. 4	Is an idea valuable? It's a question only customers can answer. Find out quickly by validating your ideas with real-world experiments.
Iterate. 5	Assess the data from your experiments to evolve your hypotheses. Devise clever experiments to reveal the true nature of your idea.
Infiltrate. 6	Even great ideas must prove their worth in corporate combat. To conquer the red box, use data to sell an idea to your organization.

### [Stop. Rest.]

Collect your blue box. Change the world.

Source: Adobe Systems

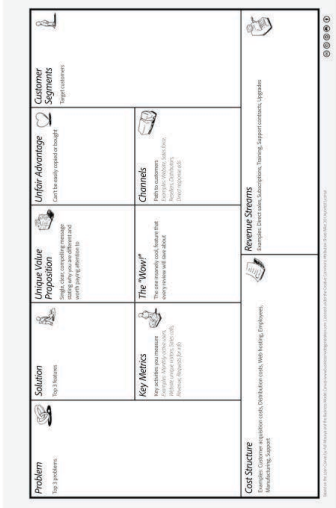


**Exhibit 4: Adobe Kickbox Phase 3 Instruction Card, continued**

LEVEL 3

Improve

**Business Model Canvas**  
 A business model canvas defines the key elements of your proposition. It can be absorbed in seconds yet highlights the critical elements of an opportunity. You will likely **make** changes to the canvas after you begin. Review the canvas with your colleagues. Is it clear to them? Does it make sense? Is it compelling?



Print a copy of the canvas from the pdf found on the Kickbox website.

**Hint:** Finding good Unfair Advantages is very rare. Most successful products don't have one. For more, read this: [blog.asmartbear.com/not-competitive-advantage.html](http://blog.asmartbear.com/not-competitive-advantage.html)

**Complete two actions. Go to Level 4.**

- Compose a product statement. Complete a scorecard for your idea. Get feedback from at least three colleagues by having them complete scorecards. Compare their scores with yours and explore differences.
- Complete a Kickbox Canvas for your idea. Review it with colleagues.

Input

↑

The scorecard is designed so that no idea can score highly across all categories. Higher scores in one area inevitably lead to lower scores in another. Each area is merely another lens through which to view an idea. Do not obsess on the numeric scores themselves, they are all relative and only approximate indicators, instead focus on how differences in perception or opinion can reveal new ways to think about an idea.

The least valuable scorecard is one that mostly matches your own scores.

**Refine**  
 Ask each colleague you do a scorecard with what they see as the most significant unknown or risk related to the idea. Do you agree? Discuss ways this risk or unknown could be eliminated or minimized.

**Select**  
 How do you know which idea you should pursue? One key is how excited your colleagues are. Don't just listen to those that give you positive feedback. The highest praise is when someone likes your idea enough to want to help you. When you keep evolving and improving an idea, eventually you may reach a point where others begin volunteering their time or resources to help. That's a sure sign you may be onto something!

Ultimately, how you feel about an idea is the most important indicator. Not just intellectually but also emotionally. Refer back to the Level 1 card. Review your motivations. If the idea you're envisioning makes the leap from your imagination to reality, will it be meaningful to you? If not, the idea isn't ready yet or it's not the right one. The right idea is a spark that lights you up.

Remember, if an idea doesn't excite you, it certainly won't excite customers. Don't proceed until you have an idea worthy of your devotion. You and this idea are going to be spending a lot of time together.

Source: Adobe Systems

Exhibit 5: Kickbox’s Innovation Scorecard

Kickbox Scorecard	Customer Value		Company Value					Company Fit			Risk			
	Compelling Customer Need	Compelling Solution	Sustainable Advantage	Addressable Market Size	Future Market Growth	Path to Future Opportunities	"Wow" Value	Fit With Go To Market	Fit With Technologies	Fit With Brand	Fit With Strategy	Market Certainty	Technical Certainty	Testable Incrementally
Concept														

Scale is 1-5 with 5 being best  
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**Definitions**

**Compelling Customer Need**

How much will this solution be valued or desired by customers? How painful is the problem or need? Do customers know they have this problem or need? Do they have any solution now?

**Compelling Solution**

How ideal is this solution? Does it address every aspect of the entire problem so perfectly it seems like magic? Can users understand it? Does it require users to change behavior?

**Sustainable Competitive Advantage**

If successful and leading the market, how long can that advantage last? Are there existing competitors? Can they easily copy us? Are there barriers to slow competitors catching up?

**Addressable Market Size**

How big is the market we can reach today? Is it large enough to support substantial revenue?

**Future Market Growth**

Does the market seem likely to grow and continue growing at significant rates?

**Path to Future Opportunities**

Could success be leveraged with opportunities for related offerings? Is this likely to be a feature, a single product, a product line or a new business?

**"Wow" Value**

Is this so unique and cool that people will want to tell others about it? Is it so impressive or amazing it enhances our reputation?

**Fit With Go To Market**

How much does it leverage existing distribution and marketing channels? Does it require different sales people, partners or promotional outlets?

**Fit With Technologies**

How much does it leverage existing technologies, processes or expertise?

**Fit With Brand**

How compatible is it with current company brand perception? Would potential users be puzzled? Do we have brand permission to play in this space?

**Fit With Strategy**

How compatible is this with current strategic directions?

**Technical Certainty**

Confidence this can be implemented technically. Does it require inventing challenging new technology? A low Technical Certainty score should drive higher scores in Sustainable Advantage, Compelling Solution or Wow Value.

**Market Certainty**

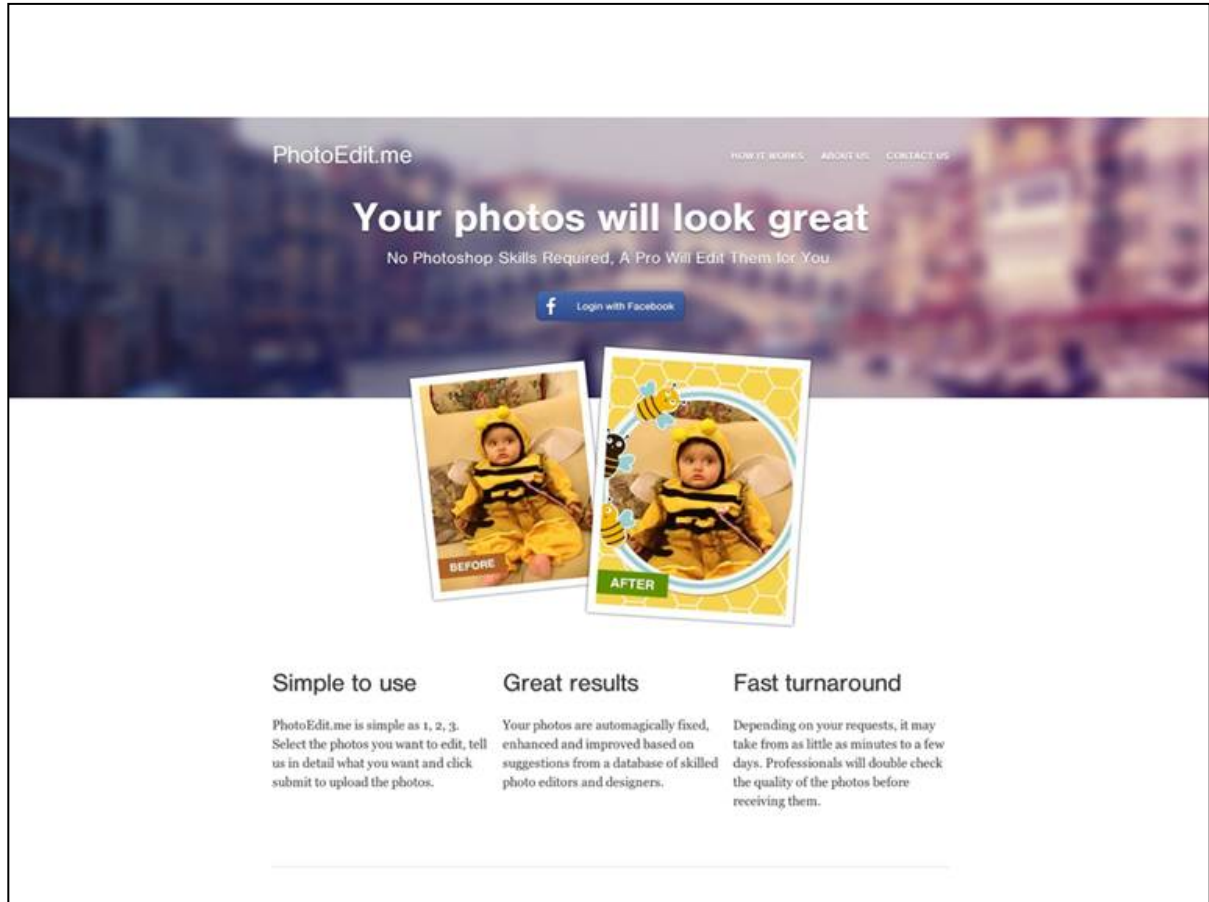
Confidence that the market for this exists. If there are no competitors, confidence should be low.

**Testable Incrementally**

Can the highest risk assumptions that must be true for success such as actual customer purchase behavior, marketing effectiveness or cost per sale be tested early?

Source: Adobe Systems

## Exhibit 6: Photoedit.me Screenshot



Source: Adobe Systems

**Exhibit 7: Spitball Screenshots**



Source: Adobe Systems

## **Exhibit 8: Additional Examples of Kickbox Projects**

**GeoArtist:** A mobile real-world adventure in which players participate in location-based creativity tasks

**SignInTime:** An app that lets you easily sign a document anytime, wherever you are

**Maestro Games:** Fun, bite-sized games that teach design fundamentals and how to use Adobe creative cloud tools

**Project Vaiku:** Transform the videos you shoot on your phone into fun, shareable films in minutes

**Articoolate:** An adaptive writing aid that gives insightful and contemporary writing advice in multiple languages

**Furnn:** A tool for interior designers to visualize home décor ideas, enabling easy experimentation with a color schemes and lighting

Source: Adobe Systems

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<sup>1</sup> Price Waterhouse Coopers, "Global 100 Software Leaders by Revenue," <http://www.pwc.com/gx/en/technology/publications/global-software-100-leaders/compare-results.jhtml>