ANALYSIS / ANALYSIS

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# Is Adobe the best value stock on the market?

Down 60% from its highs, Adobe is either the most best value stock currently on the market or the next zombie stock the market discovered early.

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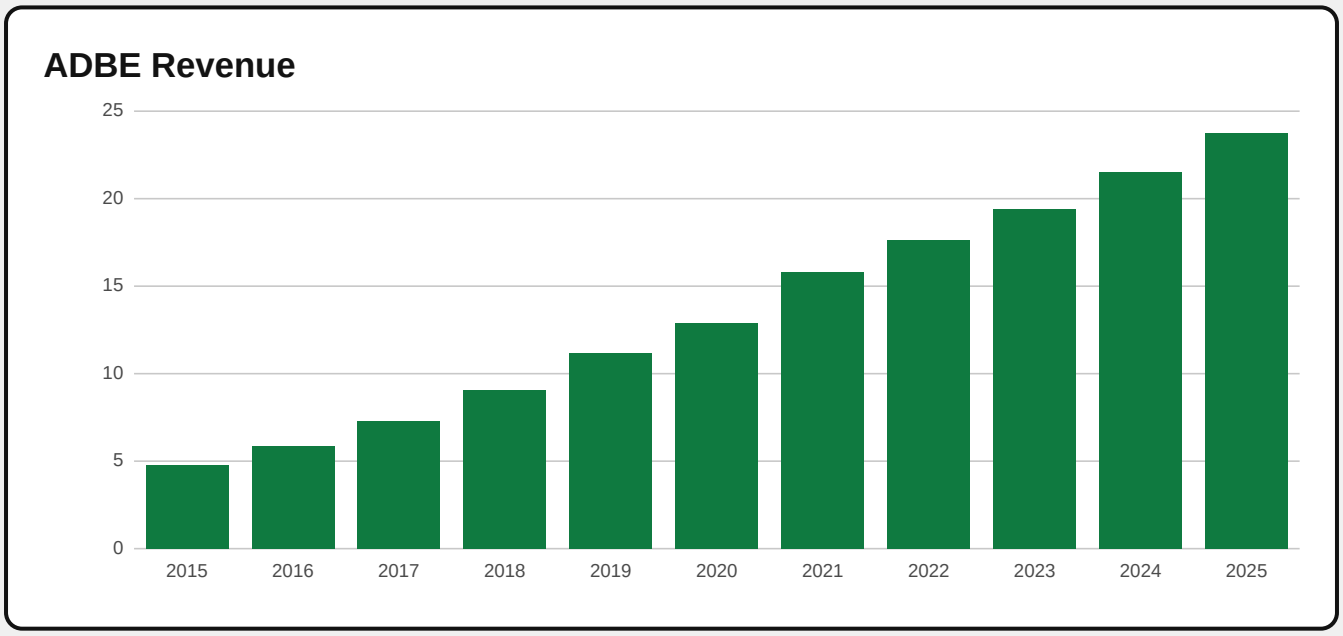



Adobe ($ADBE) is down more than 60% from all time highs. With rising revenues and a falling evaluation, is adobe stock the next fallen darling or the new best value opportunity on the market?




**The Bull Case:**

Adobe revenue growth has compounded rapidly over the past 10 years. From $4.8 billion in 2015 to $23.77 in 2025. Adobe has grown its top line by a CAGR of 17%, that growth rate is similar to the CAGR of fast growing sectors such as cloud services or cybersecurity. Its valuation is also at a record low at a PE of 11.8.




To understand why that's so striking we first need to get into Adobe's business model.

**The Three Pillars:**

Adobe today runs on three business units: Creative Cloud, Document Cloud, and Experience Cloud.




Creative Cloud, the hub for iconic services such as Photoshop, Illustrator, Premiere Pro, and After Effects, has a monopoly on the creative economy and drives roughly 60% of revenue. No other company offers such a suite used by Hollywood film studios, advertising agencies, Fortune 500 design teams, and freelance creators alike. The moat is not just how powerful the tools intrinsically are, it's the switching costs which come with changing to a competitor as it disrupts the entire workflow.

Document Cloud, which contains Acrobat and Adobe Sign, this business unit brings in close to $4 billion annually. It’s Adobe’s product in which people who aren’t designers are able edit, share, and sign documents safely from anywhere.

Experience Cloud is the Google workplace of Adobe’s business, Adobe has yet to dominate this unit the same way it has with its creative software.

**Why Adobe is hitting all time lows:**

**The AI threat:**

The bear case starts with a simple and uncomfortable question: if Gemini Nanobana can generate a high-quality image in seconds, and Sora can produce videos on demand, what exactly is Photoshop for? Investors are realising this fact and concluding that in the future, no creatives will be using Adobe for their workload, instead they will be using AI.

**Customers hate Adobe:**

Adobe has had a history of raising prices without warning, locking users into annual contracts with painful cancellation fees, and bundling tools that many subscribers never use into expensive all-in-one packages. When cheaper alternatives appear, customers aren’t just tempted, they’re motivated to leave.

**Conclusion:**

Adobe’s stock collapse is a mixture of real risks and irrational fear, and the market hasn’t yet decided which one is driving the bus. Is Adobe now a value darling or the next zombie stock? The answer depends entirely on what you think Adobe’s moat holds, and right now investors have made their bet.

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