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## Adobe Acknowledges the Phone Gap – Extinguishes Flash

*Adobe announced that it is restructuring. Included in its resource redirection is an acknowledgement in a blog post that it will no longer create new versions Flash Players on mobile devices. The battle for rich media content for mobile devices has raged for several years now between supporters of technologically superior Flash vs. the proponents of the still evolving HTML5 as the wave of the future (most notably Apple). With this announcement Adobe is essentially throwing in the towel and acknowledging defeat.*

The announcement to no longer develop Flash Players for mobile devices beyond the current generation (Flash Player 11.1, the release of which is imminent) is an admission by Adobe not so much about the superiority of HTML5, but more about HTML5 momentum and the incredible amount of resources it takes Adobe to maintain the Flash player for so many different chips sets and mobile OSes that change generations 2-3 times per year. Adobe has to create and maintain Flash player for each version of Android, for BlackBerry and PlayBook, and others it supports. But in the mobile space OS versions and chips change so rapidly, it's a resource nightmare for them. Keeping Flash on the PC and Mac is trivial (effort-wise) compared to the anarchy in mobile.

We could have seen this coming. Adobe recently announced the acquisition of Natobi, creator of PhoneGap, acknowledging that the market has changed. Quick-hit rich-media (like ads) currently dominates smart phone content and works well in HTML5. Acquiring PhoneGap gives Adobe the opportunity to provide the needed tools to developers to quickly create HTML5 content that's supported by virtually every mobile browser (most of which are WebKit based). But heavier duty apps (like games) still need more than PhoneGap/HTML5 can provide. Adobe needs to have a 2 pronged strategy which includes PhoneGap for lower end media capability and rapid mobile device specific development, and DreamWeaver for higher end development across all the platforms (PC, iOS, Android, QNX, etc.). Bridging between these two environments will be challenging.

So even though we believe Flash offers a much better experience for rich interactive media like gaming (and the power of mobile devices is finally getting to the point where Flash runs well resource-wise), Adobe is throwing in the towel based on opportunity cost and resource constraints. It obviously believed it would be more costly to maintain Flash for all those mobile platforms than it could get in license revenues for Adobe's development tools and run times. Of course, all of the Flash content on the web will now no longer be guaranteed to run on future

mobile devices, and developers (and web sites) will be challenged with having to maintain two different content/apps – one optimized for PC/Mac and one for mobile. We don't believe that Adobe will be able to offer a simple "switch" in their tools to optimally create/support both with one development environment – others have tried this approach and it's not worked out that well. This announcement further highlights what Adobe envisions for its PhoneGap acquisition. It now becomes the basis for HTML5 mobile deployment as Adobe "beefs up" its development tools beyond what's available in the open-source PhoneGap powered development environment for mobile browsers, and thus creates a new revenue stream of enhanced development tools..

**Bottom line:** Adobe is making a calculated decision that even with superior technology, betting on mobile content delivery for Flash enabled devices is beyond their ability to generate enough profit for the amount of commitment of resources needed. This will accelerate the deployment of HTML5 content, not just for mobile, but also for PC/Mac platforms. Apple may be gloating, but its not so much that HTML5 is better, as it is that Adobe just isn't capable of providing the amount of resource that an open-sourced, standards-based approach can offer (with potentially millions of contributors/resources). Its like more popular VHS (or BlueRay) winning over technically superior Beta all over again.... Adobe may ultimately gain revenue from the popularity of HTML5 development, but we believe this move signals the slow decline of Flash from the overall market.

*For more in-depth comments or analysis on this or other subjects, feel free to contact us.*

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