Adobe explains why it abandoned the Figma deal

Adobe just abandoned its $20 billion deal to buy Figma, and now we know why. In an interview on the *Decoder* podcast with *The Verge* editor-in-chief Nilay Patel, Adobe general counsel Dana Rao said that the company couldn't prove to European regulators that the acquisition wouldn't harm competition in the future — that is, that Adobe or Figma wouldn't eventually do more to compete with one another.

Last month, both EU and UK regulators threw up major flags about the competition issue. The European Commission (EC) said that the deal could "significantly reduce competition in the global markets," and a week later, the Competition and Markets Authority (CMA) effectively blocked the deal, provisionally concluding that it would "likely harm innovation for software used by the vast majority of UK digital designers."

Rao argued that the two companies weren't currently competing. Adobe XD, perhaps Adobe's closest product to a Figma competitor, was put on life support earlier this year. "We tried and failed with our tool," Rao said. Adobe felt that there wasn't "any overlap between" customers of the two companies and that there were "no competitor or customer complaints about the deal," according to Rao. (Although designers who use Figma might disagree.)

The issue arose when it came to competing down the road. Rao said that regulators had "been very focused" on newer doctrines of antitrust law that "say that future competition is a critical part of the antitrust analysis." Following the public statements from the EC and CMA, "we got together with Figma and just said, 'Looking at the road ahead and the timing

and the tenor of the conversations we're having, this is probably a good time to stop,'" Rao says.

Rao also discusses why Adobe didn't just keep fighting, like Microsoft did for its eventually successful Activision Blizzard deal. Rao says that Adobe and Figma saw what was persuasive with regulators and what hadn't been, and they had to decide if they should continue the fight — and both sides concluded that it wasn't worth it.

"The only way to solve a future competition issue, that someone might do something, is to not do the deal," Rao says. "That's essentially what they were telling us."

Tune in to the full conversation on *Decoder* with Rao in January.

https://www.theverge.com/2023/12/20/24008189/adobe-figma-deal-eu-explained-decoder