

CONCORD COMMUNICATIONS INC
Form DEFA14A
April 07, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

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Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
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Concord Communications, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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This filing consists of a letter from John A. Blaeser, President and Chief Executive Officer of Concord Communications, Inc. (Concord) to Concord customers, employees, partners and prospects dated April 7, 2005.

An Open Letter to Concord Communications Customers, Employees, Partners and Prospects

I am delighted to share with you the news that Concord Communications and Computer Associates (CA) have signed a definitive agreement for CA to acquire Concord. This strategic combination will bring together Concord's eHealth and Spectrum product lines with CA's Unicenter, expanding our ability to deliver a new generation of software that simplifies IT management, and enabling customers to reduce the number of management tools required to map, measure and manage the health and performance of IT infrastructure components and the business services that rely on them.

The benefits for both Concord and CA customers are significant:

Unique Solution

Together Concord and CA will create customer value through self-managing infrastructure solutions that provide the ability to deliver IT as a service while lowering the cost of ownership through a service oriented architecture. We will now be positioned to deliver the industry's only automated multi-vendor end-to-end solution for integrated fault and performance management across network, system and application infrastructures from both a real-time and historical perspective. It will all add up to a proven way to manage customers, services and infrastructure across the hall or around the world with a solution that is practical, achievable and delivers rapid time to value.

Strong Foundation

Combining with CA will provide Concord with the resources to accelerate the growth of our eHealth and Spectrum lines. CA has been a recognized management software expert for more than 28 years with operations in more than 100 countries around the world. With over 15,000 employees, an R&D budget of approximately \$650 million per year, 300+ global patents and rock-solid technology we will together be able to 1) provide a self managing infrastructure that is service aware and self healing, 2) deliver IT as a service allowing customers to map IT to the business and make decisions based on business impact, and 3) extend a service oriented architecture with deep and broad integration, role based management and standards and best practices.

No Need to Wait

Concord products and CA's Unicenter solutions already co-exist in many customer environments. We expect customers will be able to extend their existing investment in one product line to the other. We will explore synergistic opportunities after the transaction closes to build a more powerful joint solution set, keeping in mind the strong reputation that each product set has in the marketplace today.

Customer Focused

Concord and CA share the corporate culture that there is nothing more important than our customers. Upon closing, CA anticipates adding Concord's 4,000 customers to among the ranks of corporations that rely on Unicenter. We will

measure our success by our customers' satisfaction. We will compete fairly on value, technology, domain expertise, and customer support to maintain the honesty, integrity and respect that you would expect of a world-class company.

Concord will join CA's Enterprise Infrastructure Management division. We expect no changes to Concord's engineering, professional services, sales, solution engineering, support and training resources. No changes are anticipated to the support, marketing or selling of particular Concord products – in fact we envision an acceleration of application performance and business service management features. Service, maintenance and support contract terms remain unchanged.

We expect the transaction, which is subject to customary closing conditions and regulatory approvals, to close in the second half of 2005. We will keep you informed of developments as they occur.

I would like to extend a personal thank you for your continued loyalty and support during these times of change at Concord. The quality of the relationships with our customers will be the ultimate indicator of success and we will do all we can to ensure the highest levels of satisfaction.

If you have any further questions or concerns I encourage you to contact me at 1-508-303-4200 or jblaeser@concord.com.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this communication (such as statements containing the words believes, plans, anticipates, expects, estimates and similar expressions) constitute forward-looking statements made within the meaning of Section 21E of the Securities Exchange Act of 1934. A number of important factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, including the parties' ability to consummate the transaction; the conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; and the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger; the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all and to successfully integrate Concord's operations into those of CA; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; the retention of certain key employees at Concord; the failure to protect either party's intellectual property rights may weaken its competitive position; certain software is licensed from third parties who require, among other things, the payment of royalties, which could affect the development and enhancement of either party's products; customer decisions are influenced by general economic conditions; third parties may claim that either party's products infringe their intellectual property rights; fluctuations in foreign currencies could result in transaction losses; acts of war and terrorism may adversely affect either party's business; the volatility of the international marketplace; and the other factors described in CA's Annual Report on Form 10-K for the year ended March 31, 2004 and its most recent quarterly report filed with the SEC, and Concord's Annual Report on Form 10-K for the year ended December 31, 2004. CA and Concord assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed acquisition of Concord by CA. In connection with the proposed acquisition, CA and Concord intend to file relevant materials with the SEC, including Concord's proxy statement on Schedule 14A. **STOCKHOLDERS OF CONCORD ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING CONCORD'S PROXY STATEMENT, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and security holders will be able to obtain the documents free of charge at the SEC's web site, <http://www.sec.gov>, and Concord stockholders will receive information at an appropriate time on how to obtain transaction-related documents for free from Concord. Such documents are not currently available.

Participants in Solicitation

CA and its directors and executive officers, and Concord and its directors and executive officers, may be deemed to be participants in the solicitation of proxies from the holders of Concord common stock in respect of the proposed transaction. Information about the directors and executive officers of CA is set forth

in the proxy statement for CA's 2004 Annual Meeting of Stockholders, which was filed with the SEC on July 29, 2004. Information about the directors and executive officers of Concord is set forth in the proxy statement for Concord's 2005 Annual Meeting of Stockholders, which was filed with the SEC on March 31, 2005. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the acquisition when it becomes available.