

CA, INC.  
Form 10-K  
May 16, 2011

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

**FORM 10-K**

(Mark One)

**Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended March 31, 2011**  
**OR**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission file number 1-9247**

**CA, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or  
Organization)

**13-2857434**

(I.R.S. Employer Identification Number)

**One CA Plaza,**

**11749**

**Islandia, New York**

(Address of Principal Executive Offices)

(Zip Code)

**1-800-225-5224**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)

(Name of each exchange on which registered)

**Common stock, par value \$0.10 per share  
Stock Purchase Rights Preferred Stock, Class A**

**The NASDAQ Stock Market LLC  
The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

The aggregate market value of the common stock held by non-affiliates of the registrant as of September 30, 2010 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$8 billion based on the closing price of \$21.12 on the NASDAQ Stock Market LLC on that date.

The number of shares of each of the registrant's classes of common stock outstanding at May 6, 2011 was 506,108,276 shares of common stock, par value \$0.10 per share.

Documents Incorporated by Reference:

Part III: Portions of the Proxy Statement to be issued in conjunction with the registrant's 2011 Annual Meeting of Stockholders.

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This Annual Report on Form 10-K (Form 10-K) contains certain forward-looking information relating to CA, Inc. (the Company, Registrant, CA Technologies, CA, we, our, or us ), that is based on the beliefs of, and assumptions of our management as well as information currently available to management. When used in this Form 10-K, the words anticipate, believe, estimate, expect, and similar expressions are intended to identify forward-looking information. Such information includes, for example, the statements made under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7, but also appears in other parts of this Form 10-K. This forward-looking information reflects our current views with respect to future events and is subject to certain risks, uncertainties, and assumptions, some of which are described under the caption Risk Factors in Part I Item 1A and elsewhere in this Form 10-K. Should one or more of these risks or uncertainties occur, or should our assumptions prove incorrect, actual results may vary materially from those described in this Form 10-K as anticipated, believed, estimated, or expected. We do not intend to update these forward-looking statements.

The product and services names mentioned in this Form 10-K are used for identification purposes only and may be protected by trademarks, trade names, service marks and/or other intellectual property rights of the Company and/or other parties in the United States and/or other jurisdictions. The absence of a specific attribution in connection with any such mark does not constitute a waiver of any such right. ITIL<sup>®</sup> is a registered trademark of the Office of Government Commerce in the United Kingdom and other countries. All other trademarks, trade names, service marks and logos referenced herein, belong to their respective companies.

References in this Form 10-K to fiscal 2011, fiscal 2010 and fiscal 2009, etc. are to our fiscal years ended on March 31, 2011, 2010 and 2009, etc., respectively.

## Part I

### Item 1. Business.

#### **(a) General development of business**

##### Overview

CA Technologies is the leading independent enterprise information technology (IT) management software and solutions company with expertise across IT environments from mainframe and physical to virtual and cloud. We develop and deliver software and services that help organizations manage, secure and automate their IT infrastructures and deliver more flexible IT services. This allows companies to more effectively and efficiently respond to business needs.

We address components of the computing environment, including people, information, processes, systems, networks, applications and databases, regardless of the hardware or software customers are using. We have a broad portfolio of software solutions that address customer needs, including mainframe; service assurance; security (identity and access management); project and portfolio management; service management; virtualization and service automation; and cloud computing. We deliver our products on-premises or, for certain products, using Software-as-a-Service (SaaS).

##### Fiscal 2011 business developments and highlights

The following are significant developments and highlights relating to our business since the beginning of fiscal 2011:

In December 2010, we acquired Torokina Pty Ltd (Torokina), an Australia-based provider of telecommunications management solutions to 2G, 3G and next-generation networks, Voice-Over-Internet Protocol service providers and network operators worldwide. This acquisition enables us to expand the support of our service assurance portfolio for the advanced network devices and equipment used by communications service providers for their rapidly growing mobile voice and data environments.

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In December 2010, we announced the availability of CA Mainframe Chorus, an important innovation in our Mainframe 2.0 strategy. It offers management capabilities that are designed to appeal to the next-generation of mainframe professionals, while also offering significant productivity improvements to today's mainframe experts.

In October 2010, we acquired Hyperformix, Inc. (Hyperformix), a provider of capacity management software for dynamic physical, virtual and cloud IT infrastructures.

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In October 2010, we announced the next-generation CA Automation Suite to help customers migrate to a virtualized, dynamic cloud computing infrastructure. CA Automation Suite is designed to offer a comprehensive business service-centric approach to the deployment and scaling of IT infrastructure and services.

In October 2010, we acquired Arcot Systems, Inc. (Arcot), a provider of authentication and fraud prevention solutions through on-premises software or cloud services. This acquisition enhances our identity and access management offerings.

In October 2010, we released CA 3Tera<sup>®</sup> AppLogic<sup>®</sup>, our new turnkey cloud computing platform designed to help organizations reduce risks associated with cloud deployments and enter new markets more rapidly. These actions complement our August 2010 acquisition of 4Base Technology, a virtualization and cloud infrastructure consulting firm.

In July 2010, we announced five new products in our CA Virtual Suite, which enables customers to provision, control, assure, secure and optimize virtual environments. We also announced enhancements to CA Identity Manager to allow customers to automate provisioning to cloud applications, including Google Apps and Salesforce.com's enterprise cloud computing platform.

In June 2010, we sold our non-strategic Information Governance business, which consisted primarily of the CA Records Manager and CA Message Manager software offerings, to Autonomy Corporation plc.

In May 2010, we held CA World, our user conference, with more than 7,000 attendees. During the conference, we announced the change of our brand name to CA Technologies. We also introduced the CA Cloud-Connected Management Suite to help customers manage and secure IT in the cloud.

In May 2010, we announced a new stock repurchase program that authorizes us to purchase up to \$500 million of our common stock. During fiscal 2011, we repurchased 10.5 million shares of our common stock at a total cost of \$218 million.

In April 2010, we attained the International Organization for Standardization (ISO)/IEC 20000-1:2005 and ISO/IEC 27001:2005 certifications for our Global IT Operations demonstrating leadership in IT service management and information security.

We made the following changes to our executive management team and Board of Directors:

In April 2011, Rohit Kapoor was elected to our Board of Directors. Mr. Kapoor is Chief Executive Officer of ExlService Holdings, Inc.

In June 2010, we announced the appointment of David C. Dobson as Executive Vice President and Group Executive, Customer Solutions Group. During fiscal 2011, Mr. Dobson, along with George J. Fischer as Executive Vice President and Group Executive, Worldwide Sales and Operations, focused on driving collaboration and accountability across the Company while providing us the opportunity to deliver improved customer service and product innovation.

In June 2010, we announced the appointment of Phillip J. Harrington, Jr. to the position of Executive Vice President, Risk, and Chief Administrative Officer.

In May 2010, our Board of Directors elected Arthur F. Weinbach as non-executive chairman of the Board. In this capacity, Mr. Weinbach succeeded William E. McCracken, who became our Chief Executive Officer in January 2010.

**(b) Financial information about segments**

Our global business consists of a single operating segment – the design, development, marketing, licensing and support of IT management software products that operate on a wide range of hardware platforms and operating systems. Refer to Note 18 – Segment and Geographic Information, in the Notes to the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations. We are in the process of reorganizing our internal management reporting and will change our segment reporting in the first quarter of fiscal 2012.

**(c) Narrative description of the business**

As the leading independent enterprise IT management software and solutions company, we develop and deliver software and services that help organizations manage, secure and automate their IT infrastructures, adopt new technologies and deliver more flexible IT services. Our products are designed to work in a wide range of IT environments – from mainframe and physical to virtual and cloud. This allows our customers to more effectively and efficiently respond to business needs and compete in the marketplace.



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The ever-increasing role of IT in today's businesses is placing new demands on IT, moving our industry at a faster pace than in the past. As a result, the IT landscape continues to evolve rapidly with technologies like virtualization and cloud computing, and the introduction of SaaS.

Many companies are using these emerging technologies to extend their legacy physical environments to virtual and cloud environments, with the goals of increasing speed, flexibility and agility, and controlling costs. Companies use technology like virtualization, which lets users run multiple virtual machines on each physical machine, to improve the efficiency and availability of their IT resources and applications. This reduces operating costs tied to physical infrastructure. Virtualization is essential to the evolution of cloud computing, the on-demand access to a shared pool of computing resources that can be configured and used as needed. At the same time, the consumption of IT assets is evolving through the adoption of SaaS, where customers can obtain software on a subscription, "pay-as-you-go" model. This move to "just-in-time" sourcing for IT enables customers to obtain IT services and solutions when, where and how they need them.

As more companies begin to adopt virtualization and cloud computing, data centers are becoming more complex, with mainframe, physical servers, virtualized servers, and private, public and hybrid (a combination of public and private) cloud environments. As a result of this heightened complexity, we believe it is essential for companies to manage and secure all of their various computing environments.

To address these demands, we have built a broad portfolio of mainframe and distributed software products with a focus on:

**Mainframe**, where we are the leading independent software vendor. We continue to innovate on this platform that runs many of our largest customers' most important applications. Our mainframe strategy is to help customers and partners simplify mainframe management, gain more value from existing technology and extend mainframe capabilities. In December 2010, we introduced CA Mainframe Chorus and CA Mainframe Chorus for DB2 Database Management to further help customers control costs and increase mainframe productivity and agility. CA Mainframe Chorus is an innovation in our Mainframe 2.0 strategy, which offers management capabilities designed to appeal to the next generation of mainframe staff while also offering productivity improvements to today's mainframe experts.

**Service Assurance**, where we are a leader in application performance management and infrastructure management. We enable customers to simplify IT management by linking applications, real users, transactions and services with the underlying IT infrastructure. This provides a comprehensive, unified understanding of the real-time performance, risk and quality of business services and end-users' experience across physical, virtual and cloud environments. As a result of our fiscal 2010 acquisition of NetQoS, Inc. (NetQoS) we now have one of the most complete service assurance technologies in the industry. Service Assurance products include CA Application Performance Management, CA Introscope® and CA Infrastructure Management.

**Security (Identity and Access Management)**, where we make IT more secure across physical, virtual and cloud environments. Our solution, Content Aware Identity and Access Management, helps manage identities, control access and manage how information is used to minimize risk, boost compliance and enable organizations to safely and confidently adopt next-generation technologies. Our fiscal 2011 acquisition of Arcot added products to our portfolio that we believe will accelerate our cloud security strategy and the delivery of identity and access management solutions. Our security solutions include CA SiteMinder®, CA Access Control, CA Identity Manager, CA Arcot RiskFort™ and CA Arcot WebFort®.

**Project and Portfolio Management (PPM)**, where our CA Clarity™ PPM product is designed to help customers improve IT investment decision-making, enhance productivity and execute projects at a higher value and lower

cost. Our PPM products also include CA Idea Vision™, CA Product Vision™ and CA Agile Vision™.

**Service Management**, where we offer service desk management and IT asset management. We enable our customers to implement repeatable, measurable processes for defining, transitioning, delivering and supporting services and assets throughout their lifecycles. This allows our customers to improve service quality, user satisfaction and staff efficiency while maximizing the business value of their resources. Our solutions include CA Service Desk Manager, CA IT Asset Manager and CA Service Catalog.

**Virtualization and Service Automation**, where we enable customers to manage multiple virtual and underlying physical platforms to increase efficiency and reliability at a reduced cost. We manage virtualization centrally through real-time visibility and control, helping to improve quality and efficiency and reduce risk. In July 2010 we introduced five products in the CA Technologies virtual portfolio, and in September 2010 we added capacity management software for dynamic

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physical, virtual and cloud IT infrastructures with our acquisition of Hyperformix. Our solutions include CA Automation Suite for Data Centers, CA Client Automation and CA Workload Automation.

**Cloud Computing**, where we provide large enterprises with solutions to design, automate, secure and assure services to transform data centers into private clouds and leverage public cloud services. Cloud computing also creates opportunities to expand our reach to new markets. Our offerings such as those from our Arcot acquisition and our fiscal 2010 Nimsoft AS (Nimsoft) acquisition, as well as 3Tera AppLogic, enable new revenue streams and business models for managed service providers. These offerings also provide emerging enterprises, which we view as companies with annual revenue between \$300 million and \$2 billion, with subscription-based cloud services that help IT professionals of all skill levels quickly adopt best practices. Our solutions cover turnkey cloud platforms, automated capacity management, cloud vendor management services and cloud service quality assurance.

We offer our software products and solutions directly to our customers through our sales force and indirectly through global systems integrators, technology partners, managed service providers, solution providers, distributors and volume partners, and exclusive representatives. We deliver all of our products on-premises or, for certain products, using SaaS.

We license our products worldwide. We service companies across most major industries around the world, including banks, insurance companies, other financial services providers, government agencies, manufacturers, technology companies, retailers, educational organizations and health care institutions. The majority of the Global Fortune 500 uses our software to manage evolving IT environments.

Some of our business results are seasonal, including software license transactions and cash flows from operations. These business results typically increase during each consecutive quarter of our fiscal year, with the fourth quarter typically having the highest results.

### Business strategy

Our industry is experiencing high levels of change as innovations in virtualization, cloud computing and SaaS offer new, high-value solutions to our customers' business and IT needs. Our strategy is to help our customers manage, secure and automate IT and to make us their strategic partner as they deploy new technologies and maximize their investments in current systems and applications. Our strategy is intended to build on our core strengths in IT management and to position us to drive sales in next-generation markets, including virtualization, cloud and SaaS. We have continued our ongoing efforts to shift our product portfolio to higher growth areas and modified our routes to market to match customer preferences. We are focused on making additional progress in these areas. We are executing our strategy through a combination of internal development and targeted acquisitions that are intended to add key technologies to our portfolio and extend our reach into new markets and segments. We believe the continuing evolution of IT opens the door for us to cross-sell and up-sell solutions to existing customers and attract new customers, all of which should help us drive new sales of products. This strategy is providing opportunities to develop new addressable markets and revenue streams for us.

We serve a core set of large enterprise customers who have highly complex and heterogeneous computing environments. Many of our customers run critical applications on a mainframe, have sizeable physical systems and are adopting virtualization and cloud computing technologies. We believe they need to leverage their existing IT investments while taking advantage of new technologies and the on-demand delivery made possible by SaaS. We are focused on strengthening our relationships with these core customers through improved account management and reinvigorating our end-to-end customer experience. Simultaneously, we have refreshed our product and services portfolio, introducing or acquiring more than 40 new products within the last 12 months. This enables us to offer new products and support the value of our maintenance renewal stream, while at the same time adding new enterprise customers to CA Technologies.

In addition to investing in technologies to serve our core enterprise market, we also are extending our reach to emerging enterprises and emerging geographies (which we also refer to as our growth geographies), such as Asia, Eastern Europe and Latin America. These markets are generally experiencing rapid economic growth and accelerating demand for IT products and services. For us, emerging markets also includes Japan, where we are expanding our presence. In addition, new technologies are key to business development in Brazil, China, India, Mexico and southeast Asia. During fiscal 2011, we enhanced our ability to address these markets with the introduction of new SaaS, virtualization, cloud and security solutions.

Customers rely on various types of service providers to help them select, deploy and use IT services and products. We are increasing the number of our relationships and expanding existing relationships with these providers, particularly global outsourcers, regional managed service providers and communication network operators. At the same time, we are improving

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the capabilities of our products and services to meet the unique needs of service providers. For example, our acquisition of Torokina enhances our ability to meet the performance management needs for both internal IT and network operations within the communications service provider market. The acquisition of Arcot added technology for fraud prevention and authentication to address the needs of both enterprise users and financial service providers. We also introduced new versions of our CA Service Desk Manager product targeting the largest providers of help desk services.

We believe that emerging enterprises are early adopters of cloud services and seek the increased flexibility, convenience and reduced costs that cloud computing can offer. To realize the benefits of cloud computing, these emerging enterprises need effective solutions for management and security. We believe that there are more than 14,000 emerging enterprises worldwide, which significantly expands our addressable market. We are delivering a suite of capabilities designed to meet the specific needs of this market. For example, following our acquisition of Nimsoft in fiscal 2010, we introduced Nimsoft Unified Monitoring for enterprises and service providers to centrally monitor their entire IT infrastructures, from the data center to the cloud. Nimsoft is offered as both an on-premises solution and SaaS, and offers the simple, quick-to-deploy functionality this market segment requires. We also have introduced CA Clarity PPM On Demand and CA Service Desk Manager On Demand to expand our SaaS offerings. Managed service providers who predominantly serve emerging enterprises are adopting our new suite, which creates an important new route to market for us. These product introductions represent our initial steps to capitalize on this market, and we are continuing to expand our capabilities to address the needs of emerging enterprises.

### Customers

We have a large and broad base of customers, including the majority of the Global Fortune 500. Most of our revenue is generated from enterprise customers who have the ability to make substantial commitments to software and hardware implementations. While we continue to focus on solutions to offer to these customers, our strategy is also aimed at expanding our reach in emerging markets. This includes expanding in new geographies and segments such as managed service providers and emerging enterprises. Our software products are used in a broad range of industries, businesses and applications. We currently serve customers across most major industries worldwide, including banks, insurance companies, other financial services providers, government agencies, manufacturers, technology companies, retailers, educational organizations and health care institutions.

When customers enter into software license agreements with us, they often pay for the right to use our software for a specified period of time. When the terms of these agreements expire, customers may either renew the license agreements or pay usage and maintenance fees, if applicable, for the right to continue to use our software, receive support, and/or receive future upgrades. Our customers' satisfaction is important to us and we believe that our enhanced product portfolio allows us to maintain our customer base, cross-sell new software products and services to them, and attract new customers.

No single customer accounted for 10% or more of total revenue for fiscal 2011, 2010 and 2009. Approximately 9% of our total revenue backlog at March 31, 2011 is associated with multi-year contracts signed with the U.S. federal government and other U.S. state and local government agencies which are generally subject to any or all of the following: annual fiscal funding approval, renegotiation or termination at the discretion of the government.

### Partners

Strategic partners are an important component of how we do business. We go to market with partners to increase sales in new market segments, complement our technology and services, provide more comprehensive offerings, and help build brand awareness. We continue to build strategic alliances to increase our share of currently served markets and penetrate additional markets. We are expanding our alliance partnerships globally, enhancing our network of regional lead solution providers who can extend our cloud technologies beyond our current customer base, and growing our next-generation offerings for service providers.

We work with several types of partners:

Global Systems Integrators (GSIs) offer our products and solutions in their business practices and leverage their process design, planning and vertical expertise to ensure that holistic solutions and services are enabled to benefit our customers.

Technology Partners enable strong product integration and technical collaboration of our products with their products to deliver comprehensive solutions for our customers IT environments. In addition to ensuring that our software remains compatible with complementary hardware and software, these partners help us adapt and respond to the emergence of

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new technologies and trends, such as virtualization and cloud computing, which is intended to ensure that our release of new IT solutions is coupled with management tools that support those installations.

Managed Service Providers use our software products and solutions to deliver IT services to organizations that prefer to outsource their IT operations or enable specific services provided by these partners. Products such as Spectrum and eHealth, as well as other products we have acquired through NetQoS, Nimsoft and 3Tera, are being selected as core elements of service provider platforms.

Solution Providers combine our software products with specialized consulting and professional services to provide enhanced, user-specific solutions to a particular market or sector. Their expertise in best practices, project management, implementation, training and other services adds value to our offerings as they target the needs of specialized customers.

Distributors and Volume Partners enable us to broaden our reach to the small and medium business market segment, as well as cover market segments with our catalog of SaaS services and hosting capabilities. These partners provide efficient and personalized local delivery, service and support to our customers.

Exclusive Representatives represent our interests in an emerging geography on an exclusive basis. These partners have been chosen for their deep understanding of the applicable territory and have an established business within the region.

### **Sales and marketing**

We offer our solutions through our direct sales force and indirectly through our strategic partners. Our sales and marketing process includes carefully managing the customer lifecycle by continually improving the customer experience from purchase to deployment and beyond.

We are focused on reaching a broader range of customers and deepening existing relationships, which opens the door for us to cross-sell and up-sell additional solutions. Our maintenance renewal process provides opportunities for us to maintain our working relationship with customers as they continue to use and upgrade their environments with our technology. It also gives us the opportunity to offer our customers new solutions that address their needs. We rely on market analysis and customer insight to help us identify new market opportunities and provide fact-based insight on industry and customer trends, and we rely on our marketing organization to build awareness and demand for our products worldwide to help drive sales.

Our sales organization operates globally. We operate through branches, subsidiaries and partners around the world. Approximately 43% of our revenue in fiscal 2011 was from operations outside of the United States. At March 31, 2011, and March 31, 2010, we had approximately 3,500 and 3,400 sales and sales support personnel, respectively. In certain non-U.S. geographic locations, including in the Asia Pacific and Japan region, our primary routes to market are distributors and volume partners. In other non-U.S. geographic locations, principally in southern Eastern Europe, the Middle East and Africa, we utilize a franchise model with exclusive representatives as our primary route to market.

### **Customer lifecycle management**

Our goal is to stay proactive and attuned to our customers' needs. We have a coordinated process to guide customers and partners through installing, employing and leveraging IT management software. In fiscal 2011, we announced Go Live with CA Technologies to further enhance the customer and partner experience and value after the sale. This program integrates professional, educational and support services to enable our customers and partners to rapidly and successfully deploy their IT management software. Go Live with CA Technologies manages a customer's post-sale lifecycle through four key phases. We provide personalized support (1) during the pre-implementation phase of the project, (2) at the outset of implementation, (3) during the critical first 90 days of implementation, and (4) over the

longer term, by presenting value programs to customers to show them how to maximize the business value of our technology. These activities are proactive and allow us the opportunity to stay in touch with our customers and drive customer value at each phase of service.

#### Research and development

We invest in product development and enhancements to bring innovative solutions to market and ensure that our products are compatible with hardware and operating system changes and our customers' evolving needs. We focus our development efforts for new and updated products by investing in areas we believe are important to our customers: mainframe; service assurance; security (identity and access management); project and portfolio management; service management; virtualization and service automation and cloud computing.



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Our 5,600 engineers are primarily in Beijing, China; Prague, the Czech Republic; Hyderabad, India; Herzliya, Israel; and the United States. In the United States, product development is primarily performed at our facilities in Redwood City and San Francisco, California; Lisle, Illinois; Framingham, Massachusetts; Ewing, New Jersey; Islandia, New York; Pittsburgh, Pennsylvania; Plano and Austin, Texas; and Herndon, Virginia. Our engineers work collaboratively in both physical and virtual labs, increasingly using an agile development methodology. Among other things, agile development is intended to enable the incorporation of new customer insights throughout the development process, which in turn strengthens our ability to bring to market leading-edge innovations that deliver real business value to our customers.

Our research and development activities also include a number of efforts to support our technical community in its pursuit of leading solutions for customers. We continue to use CA Technologies Labs on Demand to strengthen our relationships with research communities by working with academia, professional associations, industry standards bodies, customers and partners to explore novel products and emerging technologies. Our CA Council for Technical Excellence leads innovative projects designed to promote communication, collaboration and synergy throughout our global technical community. The CA Architecture Board helps us ensure a strong central architecture that supports our growth strategy and our Distinguished Engineer Board encourages and recognizes excellence in engineering.

To keep us on top of major technological advances and to ensure our products continue to work well with those of other vendors, we are active in most major industry standards organizations and take the lead on many issues. Our professionals are certified across key standards, including ITIL<sup>®</sup>, PMI and CISPP, and possess knowledge and expertise in key vertical markets, such as financial services, government, telecommunications, insurance, health care, manufacturing and retail. Further, we were the first major software company to earn the ISO's 9001:2000 Global Certification. In addition, our Global IT Operations have attained ISO/IEC 20000-1:2005 and ISO/IEC 27001:2005 certifications. These certifications demonstrate our leadership in IT service management and information security.

We have charged to operations \$471 million, \$468 million and \$479 million in fiscal 2011, 2010 and 2009, respectively, for product development and enhancements. In fiscal 2011, 2010 and 2009, we capitalized costs of \$170 million, \$188 million and \$129 million, respectively, for internally developed software.

### Intellectual property

Certain aspects of our products and technology are proprietary. We rely on U.S. and foreign intellectual property laws, including patent, copyright, trademark and trade secret laws to protect our proprietary rights. However, the extent and duration of protection given to different types of intellectual property rights vary under different countries' legal systems. In some countries, full-scale intellectual property protection for our products and technology may be unavailable, or the laws of other jurisdictions may not protect our proprietary technology rights to the same extent as the laws of the United States. We also maintain contractual restrictions in our agreements with customers, employees and others to protect our intellectual property rights. In addition, we occasionally license software and technology from third parties, including some competitors, and incorporate them into our own software products.

Our patent portfolio includes more than 500 issued patents and 700 pending applications in the United States and the European Union. The patents generally expire at various times over the next 20 years. Although the durations and geographic coverage for our patents may vary, we believe our patent portfolio adequately protects our interests.

The source code for our products is protected both as trade secrets and as copyrighted works. Some of our customers are beneficiaries of a source code escrow arrangement that enables them to obtain a contingent, limited right to access our source code.

Although we have a number of patents and pending applications that may be of value to various aspects of our products and technology, we are not aware of any single patent that is essential to us or to any of our principal

business product areas.

#### Product licensing

Our licensing model offers customers a wide range of purchasing and payment options. Under our flexible licensing terms, customers can license our software products under multi-year licenses or on a month-to-month basis, with most customers choosing terms of one-to-three years, although longer terms are sometimes negotiated by customers in order to obtain greater cost certainty. We also help customers reduce uncertainty by providing a standard pricing schedule based on simple usage tiers. With respect to licenses sold for our mainframe products, we offer our customers the right to receive unspecified future software products for no additional fee, and we include maintenance during the term of the license. With respect to

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licenses sold for most of our distributed products, we do not offer our customers unspecified future software products and do not always include maintenance with the license sale. For a description of our revenue recognition policies, refer to Note 1, Significant Accounting Policies, in the Notes to the Consolidated Financial Statements.

**Competition**

Our industry is highly competitive. We believe that the enterprise IT management software and solutions business is marked by rapid technological change, the steady emergence of new companies and products, evolving industry standards and changing customer needs. We compete with many established companies in the markets we serve. Some of these companies have substantially greater financial, marketing and technological resources; broader distribution capabilities; earlier access to customers; and a greater opportunity to address customers various information technology requirements than we do. These factors may, at times, provide some of our competitors with an advantage in penetrating markets with their products. Our primary competitors include BMC Software, Compuware Corporation, Hewlett-Packard Company, International Business Machines, Oracle Corporation, and VMware, Inc.

We also compete with many smaller, less established companies that may be able to focus more effectively on specific product areas or markets. Because of the breadth of our product portfolio, we have competitors who may only compete with us in one product area and other competitors who compete across most or all of our product portfolios.

We believe our competitive differentiators include: our independence (since our products are not linked to a proprietary hardware, software or operating system platform); industry vision; expertise; product quality, functionality, performance, integration and manageability, and breadth of product offerings; customer support; frequency of upgrades and updates; pricing, brand name recognition; and reputation.

**Employees**

The table below sets forth the approximate number of employees by location and functional area at March 31, 2011:

LOCATION	EMPLOYEES AT MARCH 31, 2011	FUNCTIONAL AREA	EMPLOYEES AT MARCH 31, 2011
Corporate headquarters	1,600	Professional services	1,200
		Support services	1,600
Other U.S. offices	5,400	Selling and marketing	4,000
		General and administrative	2,200
International offices	6,400	Product development	4,400
Total	13,400	Total	13,400

At March 31, 2011, and 2010, we had approximately 13,400 and 13,800 employees, respectively.

**(d) Financial information about geographic areas**

Refer to Note 18, Segment and Geographic Information in the Notes to the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations.

**(e) Corporate information**

## Edgar Filing: CA, INC. - Form 10-K

The Company was incorporated in Delaware in 1974, began operations in 1976 and completed an initial public offering of common stock in December 1981. Prior to April 28, 2008, our common stock was traded on the New York Stock Exchange under the symbol CA. On April 28, 2008, we commenced trading on The NASDAQ Global Select Market tier of The NASDAQ Stock Market LLC under the same symbol.

Our corporate website address is [www.ca.com](http://www.ca.com). All filings we make with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and any amendments thereto filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available for free in the investor relations section of our website ([www.ca.com/investor](http://www.ca.com/investor)) as soon as reasonably practicable after they are filed with or furnished to the SEC. Our SEC filings are available to be read or copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our filings can also be obtained for free on the SEC's website at [www.sec.gov](http://www.sec.gov). The reference to our website address does not constitute inclusion or incorporation by reference of the

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information contained on our website in this Form 10-K or other filings with the SEC, and the information contained on our website is not part of this document.

The investor relations section of our website ([www.ca.com/investor](http://www.ca.com/investor)) also contains information about our initiatives in corporate governance, including: our corporate governance principles; information about our Board of Directors (including specific procedures for communicating with them); information concerning our Board Committees, including the charters of the Audit Committee, the Compensation and Human Resources Committee, the Corporate Governance Committee, and the Compliance and Risk Committee; and our Code of Conduct: Information and Resource Guide (applicable to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and our directors). These documents can also be obtained in print by writing to our Corporate Secretary, CA, Inc., One CA Plaza, Islandia, NY 11749.

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Item 1A. Risk factors.

Current and potential stockholders should consider carefully the risk factors described below. Any of these factors, many of which are beyond our control, could materially adversely affect our business, financial condition, operating results, cash flow and stock price.

**Failure to achieve success in our growth strategy could materially adversely affect our business, financial condition, operating results and cash flow.**

Our current business strategy emphasizes accelerating our growth. As more fully described in Part I, Item 1.

Business, this strategy is designed to build on our portfolio of software and services to meet next-generation market opportunities. The success of this growth strategy could be affected by many of the risk factors discussed in this Form 10-K and also by our ability to:

Increase sales in new and emerging enterprises and markets where we currently may not have a strong presence and where we may have a dependence on unfamiliar distribution partners and routes;

Enable our sales force to sell new products, including instances where our offerings are of a type not previously provided by us;

Improve the CA Technologies brand in the marketplace, including as it relates to our ability to sell new products and penetrate new or emerging markets; and

Ensure our set of cloud computing, SaaS and other new offerings address the needs of a rapidly changing market, while not adversely affecting the demand for our traditional products or our profitability.

Failure to achieve success with this strategy while maintaining our core business could materially adversely affect our business, financial condition, operating results and cash flow.

**Given the global nature of our business, economic factors or political events beyond our control and other business risks associated with non-U.S. operations can affect our business in unpredictable ways.**

International revenue has historically represented a significant percentage of our total worldwide revenue. Success in selling and developing our products outside the United States will depend on a variety of factors in various non-U.S. locations, including:

Foreign exchange currency rates;

Local economic conditions;

Political stability and acts of terrorism;

Workforce reorganizations in various locations, including global reorganizations of sales, research and development, technical services, finance, human resources and facilities functions;

Effectively staffing key managerial and technical positions;

Successfully localizing software products for a significant number of international markets;

More restrictive employment regulation;

Trade restrictions such as tariffs, duties, taxes or o