

ACCRUE SOFTWARE INC
Form 8-K
July 11, 2001
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 26, 2001

ACCRUE SOFTWARE, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of (Commission File
Number)(I.R.S. Employer incorporation or
organization)Identification No.)

000-26437

94-3238684

48634 Milmont Drive
FREMONT, CALIFORNIA 94538-7353
(Address of principal executive offices) (Zip code)

(510) 580-4500
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

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ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On June 26, 2001, Accrue Software, Inc., (Accrue or the Company), its wholly owned subsidiary NeoVista Software, Inc. (NeoVista), and JDA Software Group, Inc., (JDA) executed an Asset Purchase Agreement (the Agreement), pursuant to which, Accrue and NeoVista sold and transferred to JDA intellectual property and technology assets (including the Decision Series, RDS Assort and RDS Profile software products), and also transferred seven employees (collectively referred to as Decision Series Assets) to JDA for \$4,937,500 in cash, subject to indemnification and escrow provisions set forth in the Agreement. Pursuant to the Agreement, JDA granted back to Accrue a royalty free license to use and distribute the Decision Series software and other related intellectual property in certain market segments.

The Decision Series Assets were valued based on their current fair market value.

Accrue and JDA were parties to a strategic alliance agreement dated July 1, 2000 related to the marketing, development and distribution of software and other related products, which was terminated pursuant to the terms of the Agreement. However, there has been no other material relationship between JDA, NeoVista and Accrue or any of Accrue s officers, directors or affiliates.

The preceding description of the Agreement is qualified in its entirety by reference to the copy of the Agreement included as Exhibit 2.1 hereto and which is incorporated herein by reference. A copy of the press release dated June 27, 2001, issued in connection with execution of the Agreement, is included as Exhibit 99.1 hereto and is incorporated herein by reference.

The June 27, 2001 press release filed as an exhibit to this report includes safe harbor language pursuant to the Private Securities Litigation Reform Act of 1995, as amended, indicating that certain statements about the Company s business contained in the press release are forward-looking rather than historic. The press release also states that a more thorough discussion of certain factors which may affect the Company s operating results is included in Accrue s Registration Statement on Form S-1, and in Accrue s other filings with the Securities and Exchange Commission, which are available at the Securities and Exchange Commission s website (<http://www.sec.gov>).

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

- (a) Financial Statements of Business Acquired.

Not applicable.

- (b) Pro Forma Financial Information.

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The following unaudited pro forma consolidated statement of operations for the year ended March 31, 2001 as well as the unaudited pro forma consolidated balance sheet as of March 31, 2001, were prepared to illustrate the estimated effects of the sale of the Decision Series Assets and the application of the net proceeds from the sale. The unaudited pro forma consolidated statement of operations assumes that the sale occurred as of April 1, 2000. The unaudited pro forma consolidated balance sheet assumes that the sale occurred as of March 31, 2001.

The unaudited pro forma financial information presented is derived from the audited consolidated financial statements of Accrue as of and for the year ended March 31, 2001. The unaudited pro forma financial information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements of Accrue, including the notes thereto, appearing in Accrue s Annual Form 10-K/A for the year ended March 31, 2001. The unaudited pro forma financial information and related notes are provided for informational purposes only and do not purport to be indicative of the financial position or results of operations that would have been reported had the events assumed occurred on the dates indicated, or purport to be indicative of results of operations, or financial condition that may be achieved in the future.

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ACCRUE SOFTWARE, INC.
UNAUDITED PRO FORMA FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2001
(in thousands, except per share data)

	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Net revenue:			
Software license	\$14,592	\$(107)(a)	\$14,485
Maintenance and service	11,042	(75)(a)	10,967
Total revenue	25,634	(182)	25,452
Cost of revenue:			
Software license	871	871	
Maintenance and service	8,043	(14)(a)	8,029
Total cost of revenue	8,914	(14)	8,900
Gross profit	16,720	(168)	16,552
Operating expenses:			
Research and development	9,454	(439)(a)	9,015
Sales and marketing	14,193	(595)(a)	13,598
General and administrative	9,569	9,569	
In-process research and development	4,503	4,503	
Amortization of intangibles	49,559	49,559	
Goodwill impairment charge			

139,665 139,665
 Stock-based compensation expense
 2,190 2,190

Total operating expenses
 229,133(1,034) 228,099

Loss from operations
 (212,413) 866(211,547)

Interest income
 1,350 1,350

Other income
 4,313(b) 4,313

Interest expense
 (156) (156)

Net loss
 \$(211,219) \$5,179 \$(206,040)

Net loss per share, basic and diluted
 \$(7.55) \$(7.37)

Shares used in computing net loss
 per share, basic and
 diluted 27,958 27,958

See accompanying notes to unaudited pro forma financial information.

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**ACCRUE SOFTWARE, INC.
 UNAUDITED PRO FORMA FINANCIAL INFORMATION
 AS OF MARCH 31, 2001**

**CONSOLIDATED BALANCE SHEET
 (in thousands, except per share data)**

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	<u>Historical</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$11,951	\$3,938(c)	\$15,889
Accounts receivable, net		1,868	1,868
Prepaid expenses and other current assets	2,782	500(c)	3,282
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Total current assets	16,601	4,438	21,039
Property and equipment, net		2,923	2,923
Intangible assets	10,383		10,383
Other assets		362	362
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Total assets	\$30,269	\$4,438	\$34,707
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LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Accounts payable		\$1,026	\$1,026
Accrued liabilities	4,406	\$125(c)	4,531
Accrued liabilities, merger		80	80
Deferred revenue	4,897		4,897
Current portion of long-term debt			
Short-term borrowings		2,000	2,000
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Total current liabilities	12,409	125	12,534
Stockholders equity:			
Common stock, \$0.001 par value:			
Authorized:			
75,000 shares; Issued and Outstanding:			
27,277 and 30,295 shares in 2000 and			

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2001, respectively	3131
Additional paid-in capital	264,996
	264,996
Deferred stock-based compensation	(1,023)
	(1,023)
Accumulated other comprehensive loss	(35)
	(35)
Accumulated deficit	(246,109)
	4,313
	(241,796)
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Total stockholders' equity	17,860
	4,313
	22,173
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Total liabilities and stockholders' equity	\$30,269
	\$4,438
	\$34,707
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See accompanying notes to unaudited pro forma financial information.

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ACCRUE SOFTWARE, INC.

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

(in thousands, except per share amounts)

NOTE 1 BASIS OF PRESENTATION:

The unaudited pro forma financial information gives effect to Accrue's sale of the intellectual property related to its Decision Series, RDS Assort and RDS Profile software products and the transfer of seven employees (collectively referred to as Decision Series Assets) consummated on June 26, 2001 pursuant to an Asset Purchase Agreement (the Agreement) between Accrue Software, Inc., its wholly owned subsidiary NeoVista Software, Inc. and JDA Software Group, Inc. (JDA). Pursuant to the Agreement, JDA granted back to Accrue a royalty free license to use and distribute the Decision Series software and other related intellectual property in certain market segments. Accrue received \$4,938 for the sale of the Decision Series business of which \$500 was placed in an escrow account which will be released to Accrue in June 2002, subject to indemnification and escrow provisions set forth in the Agreement. The Company has accrued \$125 in transaction costs related to the sale of Decision Series Assets. Since Accrue's basis in the intellectual property sold to JDA was zero, Accrue recognized a net gain of \$4,313 from the transaction. The \$500 held in escrow will be recognized as an additional gain on sale by Accrue if received as contemplated by the Agreement in June 2002.

The unaudited pro forma consolidated statement of operations for the year ended March 31, 2001 as well as the unaudited pro forma consolidated balance sheet as of March 31, 2001, were prepared to illustrate the estimated effects of the sale of the Decision Series Assets and the application of the net proceeds from the sale. The unaudited pro forma consolidated statement of operations assumes that the sale occurred as of April 1, 2000. The unaudited pro forma consolidated balance sheet assumes that the sale occurred as of March 31, 2001.

The unaudited pro forma financial information presented is derived from the audited consolidated financial statements of Accrue as of and for the year ended March 31, 2001. The unaudited pro forma financial information should be read in conjunction with Management's Discussion and

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Analysis of Financial Condition and Results of Operations and the consolidated financial statements of Accrue, including the notes thereto, appearing in Accrue's Annual Form 10-K/A for the year ended March 31, 2001.

The unaudited pro forma financial information and related notes are provided for informational purposes only and do not purport to be indicative of the financial position or results of operations that would have been reported had the events assumed occurred on the dates indicated, or purport to be indicative of results of operations, or financial condition that may be achieved in the future.

NOTE 2 PRO FORMA ADJUSTMENTS:

The following pro forma adjustments were applied to the pro forma financial information:

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- (a) Adjustment to reflect the elimination of Decision Series software products revenue and cost of revenue as well as employee-related costs for the seven employees directly attributable to the Decision Series Assets transferred to JDA.
- (b) Adjustment to reflect the net gain on sale of Decision Series Assets line to JDA.
- (c) Adjustment to record cash proceeds from sale of Decision Series Assets of \$3,938, receivable of \$500, which was collected on June 29, 2001, and accrue transaction costs of \$125. The net amount of \$4,313 was recorded as a gain on sale.
 - (c) Exhibits.
 - 2.1 Asset Purchase Agreement dated as of June 26, 2001 among Accrue Software, Inc., NeoVista Software, Inc. and JDA Software Group, Inc.
 - 99.1 Press release dated June 27, 2001.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACCRUE SOFTWARE, INC.

Date: July 11, 2001

By: /s/ Harrison Paist

Harrison Paist
Chief Financial Officer

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**Exhibit
Number**

Description

2.1	Asset Purchase Agreement dated as of June 26, 2001 among Accrue Software, Inc., NeoVista Software, Inc. and JDA Software Group, Inc.
99.1	Press release dated June 27, 2001.