

FORRESTER RESEARCH INC

Form 10-K

November 05, 2007

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

Form 10-K

(Mark One)

- b ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006**
- or**
- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to**

Commission File Number 000-21433

Forrester Research, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

04-2797789

*(I.R.S. Employer
Identification Number)*

**400 Technology Square
Cambridge, Massachusetts**
(Address of principal executive offices)

02139
(Zip Code)

**Registrant's telephone number, including area code:
(617) 613-6000**

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 Par Value	The Nasdaq Stock Market, Inc.

Securities to be 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 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 requirement for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2006 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately \$405,000,000.

As of July 13, 2007, 23,076,966 shares of the registrant's common stock were outstanding.

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as expects, anticipates, intends, plans, estimates, or similar expressions are intended to identify these forward-looking statements. These statements are based on our current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Explanatory Note

In this 2006 Annual Report on Form 10-K, Forrester Research, Inc. (Forrester or the Company , we or our) is restating its consolidated balance sheet as of December 31, 2005, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the two years ended December 31, 2005 and December 31, 2004. We have also included under Item 6, Selected Consolidated Financial Data , restated financial information as of, and for each of the years ended, December 31, 2002, 2003, 2004, and 2005, and in Footnote 16 to the consolidated financial statements included herein, restated financial information for the first three quarters of 2006 and all of the interim periods of 2005.

The Company expects to file shortly quarterly reports on Form 10-Q for the three months ended March 31, 2007 (Q1 2007) and the three and six months ended June 30, 2007 (Q2 2007). The Q1 2007 and Q2 2007 Form 10-Q s will contain restated financial information for the comparable periods of the prior year.

Previously filed annual reports on Form 10-K and quarterly reports on Form 10-Q have not been amended and should not be relied upon.

Background

On December 19, 2006, we announced that the Audit Committee of our Board of Directors had initiated a voluntary inquiry into the Company's stock option granting practices and had hired the law firm of Ropes & Gray LLP in November 2006 to conduct an independent investigation of such practices. Independent counsel and outside forensic accounting experts, at the Audit Committee's direction, conducted an extensive review of the Company's historical stock option granting practices and related accounting. On February 14, 2007, we announced that the Audit Committee had reported to the Board of Directors certain findings of its investigation into the conduct of the Company's officers, directors and former officers in connection with the granting of stock options, principally between 1997 and 2003. On March 5, 2007, we announced that the Audit Committee, after consultation with management and with BDO Seidman LLP, the Company's independent registered public accounting firm, had determined that the Company's historical consolidated financial statements included in the Company's Annual Reports of Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K should no longer be relied upon.

As a result of the voluntary inquiry and the independent investigation, management has concluded, and the Audit Committee agrees, that incorrect measurement dates were used for financial accounting purposes for options to purchase approximately 16.99 million of the more than 19.16 million shares subject to stock option grants awarded from 1997 through 2006. Accordingly, revised measurement dates were determined for all grants with incorrect measurement dates, and we have recorded additional non-cash stock-based compensation expense and related tax effects based on the revised measurement dates for these past stock option grants. Previously filed financial statements are being restated in this annual report on Form 10-K.

Independent Investigation

The scope of the investigation included a review of the conduct of the Company's current and former officers, directors and other employees in granting stock options as noted above, and a forensic review of (i) all Company-wide grants (those made to all employees or to a broad group of key employees, referred to as "Company-wide grants") from 1997 to 2006, covering 13.34 million shares of common stock, (ii) a sample of "ad hoc" grants (stock options granted in connection with promotions or new hires or in special circumstances awarded between 1997 and

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September 30, 2006, referred to as "ad hoc grants"), with a particular focus on periods where fluctuations in the Company's stock price presented increased incentive and opportunity to choose retrospective grant dates with favorable pricing, such sample covering a majority of the 5.36 million shares subject to ad hoc grants, and (iii) all stock options granted to directors of the Company between 1997 and 2006, covering 460,500 shares of common stock. The conduct phase of the investigation included interviews of current and former officers and employees, and two current independent directors. In addition, the independent investigators reviewed a substantial volume of electronic and hard copy documents, including documents identified by computer-driven searches of electronic data that identified potentially responsive e-mails and other documents.

The Audit Committee's report to the Board of Directors included the following key findings:

The investigation found that the responsibility for issuing, and establishing controls over, option grants during the period 1997–2003 was shared between Forrester's finance and strategic growth (human resources) organizations. The individuals who led those organizations during that time period are no longer at the Company. Warren Hadley, the Company's Chief Financial Officer from February 2002–2006 resigned in December 2006 as a result of irregularities discovered in the course of the investigation with respect to a stock option granted to him in 1999. Timothy Riley, the Company's Chief People Officer since 1997, resigned in February 2007. Susan Whirty, the Company's former Chief Financial Officer from 1998 until her resignation in January 2002, also served as General Counsel of the Company from the time of the Company's initial public offering in November 1996 until her resignation in 2002.

The investigation uncovered no evidence of misconduct by George Colony, who has been Chief Executive Officer since he founded the Company in 1983. The investigation uncovered no evidence suggesting that Mr. Colony knew of any flexible dating or backdating of stock options.

The investigation also found no evidence that the members of the Compensation Committee of the Board of Directors or any of the other independent directors received mispriced options, or directed the granting of, or knew of, any flexible dating practice or backdating of options.

The Audit Committee and Company management concluded that the actual measurement date, as that term is defined in Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* (APB No. 25), was different from the measurement date recorded by the Company for certain option grants to purchase Company common stock which were awarded both to officers and other employees. From 1997–2006, stock options covering a total of 19.16 million shares were awarded, of which 17.29 million shares, or 90%, were selected for review. The results of the review were such that 89% of the stock options reviewed indicated that the actual measurement date was different than the recorded measurement date (original measurement date) as further discussed below. As a result of having identified these incorrect measurement dates, management concluded that the Company's previously issued financial statements should be restated. The issues identified by the investigation as having given rise to the incorrect measurement dates fall into the following main categories:

Inadequate or inconsistent documentation. For a number of the grants made to all or a large group of Company employees on an annual basis, there was inadequate or inconsistent documentation to establish that the requisite approvals had been obtained, or that the list of recipients was final as of the original measurement date. In addition, for many ad hoc grants awarded primarily to new hires or to individuals for promotions, documentation was lacking (or could not be located given the passage of time since the grant date), inadequate or insufficient to support the original measurement date.

Targeted pricing for certain Company-wide and ad hoc grants. For two Company-wide grants (July 1999 and January 2002), and for certain ad hoc grants awarded primarily during 1999 and 2000, the original measurement date preceded the actual measurement date as determined under APB No. 25. It appears that the original measurement date

was chosen in part because pricing was favorable on that date.

Evidence developed during the investigation suggests that principally in 1999 and 2000, the date of an employee's promotion (and therefore the corresponding date on which the stock option relating to that promotion was granted) subsequently would be changed to a date on which the Company's stock price was lower. Although the evidence did not establish that such changes were uniformly made, they did occur, particularly in the case of promotion grants, on numerous occasions, principally in 1999 and 2000 when the Company's stock price was fluctuating substantially. In several such instances, two promotion letters were generated for the same promotion,

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with the latter letter reflecting the more advantageous promotion/grant date. Approximately 40 grants representing options to purchase 512,000 shares were identified during the course of the investigation as having been repriced and as a result were accounted for as variable options under APB No. 25.

Grants without evidence of proper authorization. These grants included stock options awarded without approval of the Compensation Committee of the Board even when such approval was required (i.e., a grant to an executive officer or a grant that exceeded the scope of the delegation of authority to the chief executive officer). In many instances, particularly with ad hoc grants, the Compensation Committee procedures were not followed, or, where the award was made pursuant to delegated authority, there was no evidence of the chief executive officer's approval.

Upon the conclusion of the independent investigation into the conduct of certain officers, directors and employees, the Company completed an assessment of the actual measurement dates for all stock options granted between 1997 and 2006 under applicable accounting principles. This assessment included a review of a substantial volume of contemporaneous documentation to determine the actual measurement date for stock options. In certain cases, the documentation supported the original measurement date, and in other cases, the documentation supported an alternative measurement date. However, for many stock option grants, no reliable documentation could be found to support the original or any alternative measurement date. For those cases, we determined that the most appropriate source of information to determine the actual measurement date is the date of entry of the applicable grant into the Company's stock option database, since the entry into the database constituted an acknowledgment by the Company of the grantee's legal entitlement to the stock option grant.

Based on the results of the Company's comprehensive assessment, the measurement dates, as adjusted, for all of the stock options granted by the Company from 1997-2006 are categorized as follows:

Measurement Date	Number of Shares (in 000's)
Original Measurement Date	2,163
Alternative Date	9,054
Database Entry Date	7,939
Total	19,156

Our approach wherever practicable was to determine the actual measurement date for each grant based on available documentary evidence and to apply the default approach of date of entry into the stock option database only in those cases where documentation with respect to the grant was either unavailable or unreliable. As noted above, the available documentation supported the original measurement or an alternative measurement date for a majority of the option shares, consisting principally of certain program option grants and ad hoc grants to executive officers and new hires on and after 2003. The available evidence relied upon to support the original or alternative measurement date for the program grants consisted of minutes and/or unanimous written consents of the board of directors or compensation committee of the board where available, and e-mails to the stock option administrator containing detailed listings of individuals and the related grants where available. For the ad hoc grants, in the case of executive officers, the documentary evidence consisted of minutes of meetings or unanimous written consents of the compensation committee of the board of directors detailing the specific new hire or promotion grant, as well as employment offer letters, recorded start dates in the applicable employee data base, and the filing dates of Form 4 stock transaction reports for section 16 officers. For ad hoc grants to non-officer new hires, the documentary evidence relied upon consisted of the employment offer letters and the recorded start dates in the applicable employee data base. However, for a substantial number of grants, documentation was either unavailable or unreliable, particularly for stock options granted in earlier years. For those grants, we concluded that the most appropriate approach was to default to the date

of entry into the stock option data base, as noted above.

We considered various alternative approaches to establishing the actual measurement dates for stock options granted during the stated period and believe that the approach we used was the most appropriate under the circumstances. The use of a different approach may have resulted in different measurement dates, which could have resulted in substantially higher or lower cumulative stock-based compensation expense. This in turn would have caused net income to be different than amounts reported in the restated consolidated financial statements included in this Annual Report on Form 10-K.

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In addition to the restatement adjustments resulting from the Company's historical stock option granting practices (the Stock Option Investigation Restatement Adjustments), the Company is restating its consolidated financial statements to recognize a deferred tax liability associated with the book tax difference relating to the write-off of goodwill for tax purposes during 2002 (the German Deferred Tax Liability Adjustment). Previously, the Company had not recognized the deferred tax liability for the difference in book and tax basis for goodwill, as required under Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes* (SFAS No. 109), The Company is also restating its interim quarterly financial information for 2006 to reverse stock-based compensation expense resulting from the failure to appropriately update management's estimate of the applicable pre-vesting forfeiture rate, which resulted in the recognition of excess stock-based compensation expense under SFAS No. 123 (revised 2004), *Share-Based Payment* (SFAS No. 123R) during 2006 interim periods (the 2006 Forfeiture Rate Adjustments).

Summary of the Restatement Adjustments

As a result of the errors identified, the Company restated its historical statements of income from 1998 through 2005 to record \$37.4 million of additional non-cash stock-based compensation expense and associated payroll tax expense, net of related income tax effects, together with the recognition of a deferred tax liability related to the different basis for book and tax purposes of goodwill associated with an acquisition in Germany in 2000, a significant portion of which was written down to net realizable value for tax purposes in 2002. For 2005 and 2004, these errors resulted in an after tax benefit to the consolidated statements of income of \$596,000 and \$731,000, respectively. The cumulative effect of the related after-tax expenses for periods prior to 2004 was \$38.7 million.

The Company determined that it was more likely than not that it would realize the benefits of the future deductible amounts related to non-cash stock-based compensation expense. As a result, we recorded a cumulative tax benefit through 2005 of \$16.3 million related to stock-based compensation expense. Previously, the Company had recorded the deferred tax asset from the net operating losses related to the exercise of stock options as a benefit to additional paid-in capital within stockholders' equity. As a result of the restatement, a portion of the benefit previously recorded as a benefit to additional paid-in capital was reclassified to income tax benefit. The cumulative effect of the tax benefit recorded as adjustments to periods prior to 2004 was \$15.8 million.

Under section 162(m) of the Internal Revenue Code (IRC), stock options that are in-the-money at the time of grant do not qualify as performance-based compensation and therefore the Company is not entitled to a deduction for the compensation expense related to the exercise of those options held by officers who are covered by IRC section 162(m). The Company previously recognized deferred tax assets as a benefit to additional paid-in capital related to covered officers whose grants were in-the-money, totaling approximately \$5.4 million for the years 1999 through 2002. Those benefits have been reversed through a reduction of the Company's deferred taxes and a reduction of additional paid-in capital and are included in the cumulative effect of restatement recorded as of December 31, 2003.

The Company reviewed the tax effects associated with stock options for which the original measurement date was corrected (Adjusted Options). Many of the Adjusted Options were originally intended to be incentive stock options (ISOs) under U.S. income tax regulations. However, by definition, ISOs may not be granted with an exercise price less than the fair market value of the underlying stock on the date of grant. Due to the impact of the measurement date changes on the qualified status of affected ISOs, they may no longer qualify as ISOs under the regulations. Therefore, the affected ISOs were accounted for as if they were non-qualified stock options for income tax accounting purposes. The Company recorded a liability for the unpaid income and employment taxes due plus potential penalties and interest based upon the change in status of the affected options in the amount of \$5.8 million for the periods 1998 through 2006. The Company recorded reversals of this accrual in the amount of \$5.3 million through 2006 due to the expiration of the payroll tax statute of limitations for years 2003 and prior. These adjustments resulted in a net charge to expense of approximately \$202,000 over the restatement period. The net expense recorded during 2006 was

approximately \$326,000.

If the Company's assumptions with respect to unpaid taxes due based upon the change in status of the affected options were challenged, including with respect to the expiration of the statute of limitations, the Company's liability for unpaid taxes could be materially higher, which in turn would cause net income to be materially different

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than amounts reported in the restated consolidated financial statements included in this Annual Report on Form 10-K. Previously, the Company had not properly accounted for the differences in book and tax basis for goodwill related to an acquisition in Germany in 2000, a significant portion of which was written down to net realizable value for tax purposes in 2002. The Company accordingly has recorded net cumulative adjustments to its income tax provision of \$5.8 million for the period 2000 to 2005. For periods prior to 2004, the Company recorded a cumulative increase to its income tax provision of \$6.2 million. The deferred tax liability is the result of a write-down of goodwill for tax purposes in 2002 that was not required to be recognized for book purposes under SFAS No. 142, *Goodwill and Intangible Assets*.

The following is a summary of the restatement adjustments by year (in thousands):

Period Ended:	Net Income (As Previously Reported)	The Stock Option Investigation Restatement Adjustments			The German Deferred Tax Liability Adjustment	Total Restatement (Expense) Benefit	Net Income (Loss) As Restated)	Diluted EPS (as Previously Reported)	Diluted EPS (As Restated)
		Non-Cash Stock Based Adjustments	Payroll and Other (Expense) Net	Benefit Related to Stock Based Compensation	Income Tax Benefit (Expense) Related to German Goodwill				
December 31, 1998	\$ 7,547	\$ (6,905)	\$ (30)	\$ 2,588	\$	\$ (4,347)	\$ 3,200	\$ 0.40	\$ (0.23)
December 31, 1999	10,981	(10,757)	(254)	3,991		(7,020)	3,961	0.55	(0.35)
December 31, 2000	21,614	(18,910)	(3,226)	5,981	(247)	(16,402)	5,212	0.88	(0.67)
December 31, 2001	18,117	(6,031)	(1,602)	1,616	(83)	(6,100)	12,017	0.76	(0.26)
December 31, 2002	589	(3,305)	122	1,126	(4,584)	(6,641)	(6,052)	0.02	(0.28)
December 31, 2003	2,191	(681)	3,202	516	(1,269)	1,768	3,959	0.10	0.07
Cumulative effect December 31,									
December 31, 2004	4,132	(46,589)	(1,788)	15,818	(6,183)	(38,742)	4,863	0.18	0.03
December 31, 2005	11,348	(446)	34	239	769	596	11,944	0.52	0.03
Total		(47,648)	(202)	16,280	(5,845)	(37,415)			

The vesting and/or exercise of certain stock options that were granted on a discounted basis (exercise price is less than the fair market value of the stock on the date of grant) may be subject to Internal Revenue Code section 409A. In

February 2007, the Company filed a notice of participation in the voluntary program described in Internal Revenue Service (IRS) Announcement 2007-18, the *Compliance Resolution Program for Employees other than Corporate Insiders for Additional 2006 Taxes Arising under Section 409A due to the Exercise of Stock Rights*. The Company also participated in the similar program prescribed by the California Franchise Tax Board. Under these programs, employers pay the requisite additional tax and associated interest and penalties on behalf of employees (and former employees) who exercised discounted stock options in 2006. During 2007, Forrester paid a total of \$362,000 to the Internal Revenue Service and the California Franchise Tax Board under these programs.

PART I

General

Forrester Research, Inc. conducts independent technology and market research and provides pragmatic and forward-thinking advice to global leaders in business and technology. We offer products and services in four major areas: Research, Data, Consulting, and Community. Our products and services are targeted to specific roles, including principally senior management, business strategists, and marketing and technology professionals at \$1 billion-plus companies who collaborate with us to align their technology investments with their business goals.

Research serves as the foundation for all our offerings and consists primarily of annual memberships to our syndicated research offering RoleView™, formerly known as WholeView®2, that provides comprehensive access to our core research on a wide range of business and technology issues of interest to the specific roles our products and services address. In addition to RoleView, we also provide several client-focused products and services in our Data, Consulting, and Community offerings. Each of these allow our clients to interact directly with analysts and explore in greater detail the issues and topics covered by RoleView on a client-specific basis.

We were incorporated in Massachusetts on July 7, 1983 and reincorporated in Delaware on February 16, 1996. In February 2003, we acquired Giga Information Group, Inc., or Giga, a global technology advisory firm. Giga s

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products and services enhanced our offerings by providing objective research, pragmatic advice and personalized consulting on information technology.

Our Internet address is www.forrester.com. We make available free of charge, on or through the investor information section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Our Code of Business Conduct and Ethics, which is applicable to our officers, directors and employees, including our principal executive, financial and accounting officers, is posted on the investor information section of our website. We intend to post any amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics, and that relates to a substantive amendment or material departure from a provision of the Code, on our Internet website at www.forrester.com. We will provide a copy of the Code, free of charge, upon request.

Industry Background

Emerging technologies play a central role in companies' and their employees' efforts to remain both competitive and cost-efficient in an increasingly complex global business environment. Developing comprehensive and coordinated business strategies is difficult because as the economy and technology change, consumers and businesses adopt new methods of buying and selling, and markets grow increasingly dynamic.

Consequently, companies and the professionals who are in the roles we focus on rely on external sources of expertise that provide independent business advice spanning a variety of areas including technology, business strategy, and consumer behavior. We believe there is a need for objective research that is thematic, prescriptive, and executable, and that provides a comprehensive perspective on the integrated use of technology in business.

Forrester's Strategy

In early 2007, Forrester accelerated execution of a role-based strategy to focus attention on serving leaders in multiple roles across its client base. Forrester's syndicated RoleView research provides clients with more relevant research, easier access to the insights individual leaders need to make them successful in their roles and new community tools to provide a more comprehensive view of the problems they face.

We seek to maintain and enhance our position as a leading independent technology and market research firm and to capitalize on demand for our research by:

Identifying and Defining New Business Models, Technologies, and Markets. We seek to differentiate ourselves from other research firms by delivering pragmatic and forward-thinking research and analysis on the impact of technology on business models and technology infrastructure. We believe that our research methodology and our creative culture allow us to identify and analyze rapid shifts in the use of technology before these changes appear on the horizons of most users, vendors, and other research firms. Our early identification of these shifts enables us to help our clients capitalize on emerging business models and technologies.

Leveraging our RoleView Research. Our business model, technology platform, and research methodologies allow us to sell existing products and to rapidly introduce new products and services without incurring significant incremental costs. We intend to continue to use our business model, technology platform, and research methodologies to both increase sales of our existing RoleView research and introduce innovative new products. Our Data, Consulting, and Community offerings complement, enhance and supplement our RoleView research offering, and many are designed to address clients' customized needs.

Using Targeted, Global Sales Channels. We sell our products and services directly through our global sales force in various locations in North America, Europe, Asia and Australia. We also sell our products and services through independent sales representatives in select international locations. In 2006, our business was managed through three geographic regions – Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific. Effective January 2007, we reorganized our business into global client groups to more closely align with our client base: the IT Client Group, the Marketing & Strategy Client Group, and the Technology Industry Client Group.

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Growing Our Client Base Worldwide and Increasing Sales to Existing Clients. We believe that our products and services can be successfully marketed and sold to new client companies worldwide and to new roles and additional units and divisions within our existing client companies. We believe that within our client base of over 2,300 client companies as of December 31, 2006 there is opportunity to sell additional products and services. In addition, we intend to expand our international presence as the growing impact of technology on business innovation creates demand for external sources of objective research.

Developing and Retaining Outstanding Research Professionals. The knowledge and experience of our analysts are critical elements of our ability to provide high-quality products and services. We employ outstanding research professionals from varied backgrounds and a wide range of industries. We believe that our culture, which emphasizes quality, cooperation, and creativity, helps us to develop and retain high-caliber research professionals. We provide a competitive compensation structure, as well as recognition and rewards for excellent individual and team performance.

Forrester's Solution

Our business and technology expertise enables us to offer our clients the best available research on changing business models and technologies, technology investments, implementation changes, and customer trends. Our solution provides our clients with:

A Unified Set of Services to Build Business and Technology Strategies. We offer clients a comprehensive and unified view of technology's impact on business. The primary component of this view is RoleView. Clients may combine RoleView with our Data, Consulting, and Community offerings to obtain access to the research, data, analysts, and peer insights they need to:

Assess potential new markets, competitors, products, and services.

Anticipate technology-driven business model shifts.

Understand how technology affects consumers and can improve business processes.

Educate, inform, and align strategic decision-makers in their organizations.

Navigate technology implementation challenges and optimize technology investments.

Capitalize on emerging technologies.

Expertise on Emerging Technologies. We started our business in 1983 and have a long history of, and extensive experience in, identifying technology trends and providing research and executable advice on the impact of technology on business. Our research analysts have many years of industry experience, are frequent speakers at business and technology conferences, and are often quoted in the media. They enjoy direct access to the leaders and decision-makers within large enterprises and technology vendors. We provide our research analysts with training to ensure that they have the skills to challenge conventional viewpoints and provide prescriptive, executable insight and research to our clients.

Products and Services

We offer our clients a selection of engagement opportunities in the areas of Research, Data, Consulting, and Community which are organized for and directed toward the multiple professional roles we cover.

Research

Our primary syndicated research product, renamed RoleView in February 2007 (formerly known as WholeView2), is a holistic, unified offering that provides clients with comprehensive access to our core syndicated research designed to inform their strategic decision-making. Like WholeView2, RoleView consists of a library of cross-linked documents that interconnects our reports, data, product rankings, best practices, evaluation tools, and research archives and allows clients to move barrier-free across our research, but RoleView access is provided through role-based websites that facilitate client access to research and tools that are most relevant to their professional roles. Through this access structure, RoleView addresses the interplay of an individual client's

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responsibilities and goals, business demands, and technology capabilities. Our RoleView research includes *The Forrester Wave*. The Forrester Wave provides a detailed analysis of vendors' technologies and services based on transparent, fully accessible criteria, and measurement of characteristics weighted by us. The Forrester Wave includes an Excel spreadsheet that allows clients to compare products and get in-depth data and analysis about each one and tools to develop a custom shortlist based on the client's unique requirements. The Forrester Wave is our primary mechanism for evaluating enterprise technologies.

Clients subscribing to RoleView may choose between two membership levels:

RoleView Member Licenses include access to the written research, as well as Inquiry with all analysts, one Event seat, and access to Forrester Teleconferences.

Inquiry. Inquiry enables clients to contact any of our analysts for quick feedback on projects they may have underway, to discuss ideas and models in the research, or for answers to questions about unfolding industry events. Typically, Inquiry sessions are 30-minute phone calls, scheduled upon client request, or e-mail responses coordinated through our Inquiry Team.

Event Seat. Events bring together executives and other participants for one- or multi-day conferences to network with their peers and to hear business leaders discuss the impact of technology on business.

Forrester Teleconferences. Forrester Teleconferences are hour-long audio conferences on selected topics of interest to particular professional roles that typically are held several times a week. They consist of an analyst-led presentation followed by questions from participants. Members may access the analyst Web presentation and participate in the subsequent forum for questions and discussion among all attendees. Teleconferences are also made available for member download.

RoleView Reader Licenses provide access to our written research.

Both Member and Reader clients receive access to our Research Help Desk, which is a call center dedicated to providing additional information about our research, methodologies, coverage areas, and sources. The Research Help Desk is available to help clients navigate our website, find relevant information, and put clients in contact with the appropriate analyst for inquiries.

Data

Our Data products and services focus on consumers' and business users' attitudes about and behavior toward technology, including ownership, future purchases, and adoption trends. These products incorporate extensive survey research designed and analyzed by our staff. Clients can leverage our Technographics research or choose to have us conduct data analysis on their behalf. Our Data products include:

Consumer Technographics Data & Services. Our Technographics Data & Services leverage our core research findings to provide an in-depth understanding of how consumers buy, think about, and use technology. Consumer Technographics delivers both primary data and quantitative research, based on surveys of over 225,000 households in North America, Europe and Asia Pacific which is analyzed and categorized into relevant market segments to help organizations and their leaders capitalize on changing consumer behavior. We combine respondent data sets from our Consumer Technographics surveys into four offerings: North American Consumer Technology Adoption Study, European Consumer Technology Adoption Study, Hispanic American Technology Adoption Study, and Asia Pacific Consumer Technology Adoption Study. Additionally, clients have access to a Technographics data specialist to help them use the data effectively to meet their

specific business needs.

Business Data & Services (formerly known as Business Technographics). Our Business Data Services is an ongoing quantitative research program that provides comprehensive, in-depth assessments of what motivates businesses to choose certain technologies and vendors over others. We annually survey more than 13,000 business and IT executives at North American, European, and Asia Pacific large enterprises and small and midsize businesses. Our surveys reveal these firms' technology adoption trends, budgets, business organization, decision processes, purchase plans, and brand preferences. Business Data and Services clients also have access to a data specialist and input into survey design.

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Consulting

Our Consulting services leverage RoleView to deliver customized research to assist clients in executing technology and business strategy, assessing viable initiatives for competitive technology gains, and making large technology investments. Specifically, we help our clients, via custom research with:

Market Strategy

Effective Use of Technology

Innovation & Organizational Design

Supply & Demand Networks

IT Sourcing

We also offer Website Reviews that provide targeted, action-oriented assessments of clients' websites, extranets, or intranets. Feedback is based on comprehensive examination of the clients' website and web strategies.

Community

Our Community offerings are designed to foster effective connections between peers in the same or similar roles, our analysts, and the relevant research. Our Community programs provide exclusive networking opportunities, advice on best practices, and targeted analysis. Community products and services include the Forrester Leadership Boards, participation in Workshops, and attendance at Forrester Events.

Forrester Leadership Boards. Our Forrester Leadership Boards are exclusive offerings for executives and other key employees at large companies worldwide. Clients may choose to participate in one or more Forrester Leadership Boards. Memberships are available in the CIO Group and the CMO Group and in additional technology, marketing, and vendor programs. In addi