
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): October 22, 2003

FORRESTER RESEARCH, INC.
(Exact Name of Registrant Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	000-21433 (Commission File Number)	04-2797789 (I.R.S. Employer Identification No.)
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400 Technology Square, Cambridge, Massachusetts (Address of Principal Executive Offices)	02139 (Zip Code)
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Registrant's telephone number, including area code: (617) 613-6000

N/A

(Former Name or Former Address, if Changed Since Last Report)

ITEM 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release dated October 22, 2003.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information contained in this current report on Form 8-K is furnished pursuant to Item 12 of Form 8-K "Results of Operations and Financial Condition". This information and the exhibits hereto are being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Forrester Research, Inc. with the SEC, whether made before or after the date hereof, regardless of any general incorporation language in such filings.

On October 22, 2003, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended September 30, 2003, the full text of which is attached hereto as Exhibit 99.1.

Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Our pro forma presentation excludes the following:

Amortization of acquisition-related intangibles - we exclude the non-cash effect of the amortization of acquisition-related intangibles from our pro forma results in order to more consistently present our ongoing results of operations.

Integration costs - we exclude the costs related to our acquisition of Giga, which are primarily related to orientation events and data migration, in order to present a consistent basis for quarterly comparisons.

Impairments of non-marketable securities - we have consistently excluded both one-time gains and one-time write-offs related to our investments in non-marketable securities from our pro forma results in order to keep quarter over quarter comparisons consistent.

Reorganization costs - we exclude reorganization costs from our first quarter 2002 pro forma results because our failure to do so would present a misleading improvement in our pro forma results in the nine months ended September 30, 2003 as compared to the same period in 2002.

However, these measures should be considered in addition to, not as a substitute for, or superior to, operating income or other measures of financial performance prepared in accordance with generally accepted accounting principles as more fully discussed in the Forrester's financial statements and filings with the Securities and Exchange Commission.

SIGNATURE

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

FORRESTER RESEARCH, INC.

By: /s/ WARREN HADLEY

Name: Warren Hadley

Title: Treasurer and Chief Financial Officer

Dated: October 22, 2003

Exhibit Index

Exhibit -----	Description -----	Page -----
99.1	Press Release dated October 22, 2003.	5

Forrester Research Announces Third-Quarter 2003 Financial Results

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Oct. 22, 2003--Forrester Research, Inc. (Nasdaq: FORR) today announced financial results for the third quarter ended September 30, 2003, in line with its previous financial guidance.

Third-Quarter Financial Performance

- Total revenues were \$32.2 million, compared with \$21.9 million for the third quarter of last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 31 percent, Forrester reported third-quarter net income of \$186,000, or \$0.01 per diluted share compared to a net loss of \$307,000, or (\$0.01) per diluted share for the same period last year.
- On a pro forma basis, which excludes amortization of acquisition-related intangible assets of \$2.6 million, costs of \$167,000 related to the integration of Giga Information Group, Inc., and reorganization costs of \$1.2 million, and which reflects a pro forma effective tax rate of 35 percent, net income was \$2.8 million, or \$0.12 per diluted share, for the third quarter of 2003. This compares with pro forma net income of \$2.6 million, or \$0.11 per diluted share for the same period last year, which excludes amortization of acquisition-related intangible assets of \$82,000, impairments of certain non-marketable securities of \$859,000, and reorganization costs of \$3.1 million.

Nine-Month Period Ended September 30, 2003 Financial Performance

- Total revenues were \$90.7 million, compared with \$73.4 million for the same period last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 31 percent, Forrester reported net income of \$2.1 million, or \$0.09 per diluted share for the nine months ended 2003, compared to a net loss of \$2.9 million or (\$0.12) per diluted share for the same period last year.
- On a pro forma basis, which excludes amortization of acquisition-related intangible assets of \$6.1 million, costs of \$938,000 related to the integration of Giga Information Group, Inc., reorganization costs of \$1.2 million, and a write-down of \$572,000 related to impairments of certain non-marketable securities, and which reflects a pro forma effective tax rate of 35 percent, net income was \$7.8 million, or \$0.34 per diluted share, for the nine months ended 2003. This compares with pro forma net income of \$9.0 million, or \$0.38 per diluted share for the same period last year, which excludes a reorganization charge of \$12.2 million, amortization of acquisition-related intangible assets of \$246,000, and impairments of certain non-marketable securities of \$3.6 million.

A reconciliation of GAAP results to pro forma results may be found in the attached financial tables.

"The third quarter showed modest improvement in Forrester's business," said George F. Colony, chairman of the board and chief executive officer. "New business as well as cross-sell business between legacy Forrester and Giga accounts increased. Companies began to emerge from their hibernation to become more engaged in technology projects and technology spending. I'm cautiously optimistic about our business based on the slight improvement we saw in the third quarter."

Forrester also continued to make major progress toward finalizing the integration of Giga. "During the third quarter, we completed the final steps in the organizational integration of the two companies," said Colony. "We are one team across Forrester. Now early in the fourth quarter, we are rolling out a significantly enhanced research offering called WholeView 2(TM) that combines the best of Forrester and Giga. Whole View 2 is a comprehensive, collaborative view of technology from deep IT issues to broad business issues. WholeView 2, developed after extensive research and planning that included input from numerous clients, is being marketed and sold during the fourth quarter."

The Forrester Oval Program(TM), comprising five technology boards, continued to gain traction during the third quarter. The CIO Group

added 18 new CIOs from large corporations. The four technology Councils -- boards for non-CIO technology professionals -- gained 17 new members for a total Oval membership of 190.

Forrester is providing financial guidance as follows:

Fourth-Quarter 2003 (GAAP):

- Total revenues of approximately \$32.0 million to \$35.0 million.
- Operating margin of approximately 5 percent to 8 percent, which assumes that no charges related to the San Francisco office lease are incurred during 2003.
- Other income of approximately \$700,000 to \$800,000.
- An effective tax rate of 31 percent.
- Diluted earnings per share of approximately \$0.06 to \$0.10, which assumes that no charges related to the San Francisco office lease are incurred during 2003.

Fourth-Quarter 2003 (Pro Forma):

Pro forma financial guidance for the fourth quarter 2003 excludes amortization of acquisition-related intangible assets of approximately \$2.6 million and any impairment charges related to non-marketable investments.

- Pro forma operating margin of approximately 14 percent to 16 percent.
- Pro forma effective tax rate of 35 percent, which varies from our actual effective tax rate of 31 percent because of our tax-free interest income decreasing as a percentage of our pro forma pre-tax income.
- Pro forma diluted earnings per share of approximately \$0.15 to \$0.17.

Full-Year 2003 (GAAP):

- Total revenues of approximately \$120.0 million to \$125.0 million.
- Operating margin of approximately (1) percent to 4 percent, which assumes that no charges related to the San Francisco office lease are incurred during 2003.
- Other income of approximately \$3.8 million to \$4.2 million.
- An effective tax rate of 31 percent.
- Diluted earnings per share of approximately \$0.12 to \$0.20, which assumes that no charges related to the San Francisco office lease are incurred during 2003.

Full-Year 2003 (Pro Forma):

Pro forma financial guidance for the full-year 2003 excludes amortization of acquisition-related intangible assets of approximately \$8.7 million, impairment charges related to non-marketable investments, and reorganization and integration charges of approximately \$2.2 million.

- Pro forma operating margin of approximately 10 percent to 12 percent.
- Pro forma effective tax rate of 35 percent, which varies from our actual effective tax rate of 31 percent because of our tax-free interest income decreasing as a percentage of our pro forma pre-tax income.
- Pro forma diluted earnings per share of approximately \$0.47 to \$0.53.

Separately, Forrester General Counsel Timothy J. Moynihan is leaving the company at the end of 2003.

A search for a new general counsel is under way.

Forrester is an independent technology research company that provides both pragmatic and forward-thinking advice about technology's impact on business. Business, marketing, and IT professionals worldwide collaborate with Forrester to align their technology investments with their business goals. Forrester offers products and services in four major areas: Research, Data, Consulting, and Community. In February 2003, Forrester acquired Giga Information Group. Established in 1983, Forrester is headquartered in Cambridge, Mass. For additional information, visit www.forrester.com.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial and operating targets for the fourth quarter of and full-year 2003, statements about the potential success of WholeView(TM) and other product offerings, Forrester's ability to successfully integrate Giga, and the ability of Forrester to achieve success as the economy improves. These statements are based on Forrester's 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. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to successfully integrate Giga into Forrester's operations, Forrester's ability to anticipate business and economic conditions, market trends, competition, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, risks associated with Forrester's ability to offer new products and services, and Forrester's dependence on renewals of its membership-based research services and on key personnel. Forrester Research undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

The consolidated statements of income, consolidated balance sheets, and consolidated statements of cash flows are attached.

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Forrester Research, Inc.
 Consolidated Statements Of Income

(In thousands, except per share data)

	Three months ended		Nine months ended	
	September 30, 2003	September 30, 2002	September 30, 2003 (2)	September 30, 2002
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$23,798	\$16,984	\$68,169	\$54,802
Advisory services and other	8,410	4,954	22,499	18,625
Total revenues	32,208	21,938	90,668	73,427
Operating expenses				
Cost of services and fulfillment	12,525	7,540	36,380	25,394
Selling and marketing	10,749	7,094	29,523	23,820
General and administrative	3,927	2,889	10,985	9,590
Depreciation and amortization	1,520	1,947	5,052	6,001
Amortization of intangible assets	2,608	82	6,140	246
Integration costs	167	-	938	-

Reorganization costs	1,230	3,082	1,230	12,170
Total operating expenses	32,726	22,634	90,248	77,221
(Loss) income from operations	(518)	(696)	420	(3,794)
Other income, net	787	1,221	3,201	4,262
Impairments of non-marketable investments	-	(859)	(572)	(3,593)
Income (loss) before income taxes	269	(334)	3,049	(3,125)
Income tax provision (benefit)	83	(27)	945	(250)
Net income (loss)	\$186	\$(307)	\$2,104	\$(2,875)
Diluted earnings (loss) per share	\$0.01	\$(0.01)	\$0.09	\$(0.12)
Diluted weighted average shares outstanding	22,741	23,263	22,793	23,254
Basic earnings (loss) per share	\$0.01	\$(0.01)	\$0.09	\$(0.12)
Basic weighted average shares outstanding	22,462	23,263	22,572	23,254
Pro forma data (1):				
(Loss) income from operations	(518)	(696)	420	(3,794)
Amortization of intangible assets	2,608	82	6,140	246
Integration costs	167	-	938	-
Reorganization costs	1,230	3,082	1,230	12,170
Pro forma income from operations	3,487	2,468	8,728	8,622
Other income, net	787	1,221	3,201	4,262
Pro forma income before income taxes	4,274	3,689	11,929	12,884
Pro forma income tax provision	1,496	1,107	4,175	3,865
Pro forma net income	\$2,778	\$2,582	\$7,754	\$9,019
Pro forma diluted earnings per share	\$0.12	\$0.11	\$0.34	\$0.38
Diluted weighted average shares outstanding	22,741	23,562	22,793	23,801

(1) The pro forma data excludes amortization of intangibles and other integration costs related to acquisitions, reorganization costs, and impairments of non-marketable investments, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles. Due to the significance of these items, management believes that the pro forma presentation aids in the comparability of results.

(2) Results for the nine months ended September 30, 2003 reflect a \$1.1 million reclassification related to the fair value assessment of deferred revenue with regard to our purchase of Giga

Information Group, Inc., that reduces research services revenues and reduces selling and marketing expenses in order to be consistent with the presentation for the three months ended September 30, 2003.

Forrester Research, Inc.
Consolidated Balance Sheets

(In thousands)

	September 30, 2003	December 31, 2002
	----- (unaudited)	
Assets		
Cash and cash equivalents	\$11,342	\$11,479
Marketable securities	117,539	183,152
Accounts receivable, net	19,655	17,791
Deferred commissions	4,008	3,524
Prepaid expenses and other current assets	6,962	5,902

Total current assets	159,506	221,848
Property and equipment, net	9,045	10,674
Goodwill, net	55,096	13,244
Intangibles assets, net	14,104	760
Deferred income taxes	37,538	21,630
Non-marketable investments and other assets	14,688	10,117

Total assets	\$289,977	\$278,273
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Liabilities and stockholders' equity		
Accounts payable	\$1,757	\$1,601
Accrued expenses	27,650	20,681
Deferred revenue	51,606	42,123

Total liabilities	81,013	64,405
Preferred stock	-	-
Common stock	242	240
Additional paid-in capital	170,447	167,935
Retained earnings	66,858	64,754
Treasury stock, at cost	(28,881)	(20,085)
Accumulated other comprehensive income	298	1,024

Total stockholders' equity	208,964	213,868

Total liabilities and stockholders' equity	\$289,977	\$278,273
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Forrester Research, Inc.
Consolidated Statements Cash Flows

(In thousands)

	Nine months ended September 30, 2003 2002	
	----- (Unaudited)	
Cash flows from operations		
Net income (loss)	2,104	(2,875)
Adjustments to reconcile net income (loss) to net cash provided by operating activities -		
Depreciation and amortization	5,052	6,001
Amortization of intangible assets	6,140	246
Impairments of non-marketable investments	572	3,593
Realized gain on sale of marketable securities	(509)	-
Tax benefit from stock options	239	2,179
Deferred income taxes	747	437
Non-cash reorganization costs	-	3,629
Increase in provision for doubtful accounts	-	196
Loss on disposal of property and equipment	-	92
Amortization of premiums on marketable securities	618	868
Changes in assets and liabilities, net of acquisition -		

Accounts receivable	9,088	13,541
Deferred commissions	(434)	1,642
Prepaid expenses and other	2,401	(1,923)
Accounts payable	(1,395)	(711)
Accrued expenses	(4,714)	(2,369)
Deferred revenue	(16,914)	(20,659)

Net cash provided by operating activities	2,995	3,887
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Cash flows from investing activities

Acquisition of Giga Information Group, Inc., net of cash acquired	(57,027)	-
Purchases of property and equipment	(1,122)	(1,028)
Purchase of non-marketable investment	(3,150)	(3,825)
(Decrease) Increase in other assets	(1,439)	411
Purchases of marketable securities	(164,338)	(148,237)
Proceeds from sales and maturities of marketable securities	230,641	157,722

Net cash provided by investing activities	3,565	5,043
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Cash flows from financing activities

Proceeds from exercises of employee stock options	2,070	9,293
Acquisition of treasury shares	(6,796)	(14,830)
Structured stock repurchases	(1,793)	(2,000)

Net cash used in financing activities	(6,519)	(7,537)
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Effect of exchange rate changes on cash and cash equivalents	(178)	73
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Net (decrease) increase in cash and cash equivalents	(137)	1,466
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Cash and cash equivalents, beginning of period	11,479	17,747
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Cash and cash equivalents, end of period	11,342	19,213
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