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

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

FOR THE QUARTERLY PERIOD ENDED September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

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)**
60 Acorn Park Drive **CAMBRIDGE, MASSACHUSETTS** **(Address of principal executive offices)**	**02140** **(Zip Code)**

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $.01 Par Value	**FORR**	**Nasdaq Global Select Market**

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of November 3, 2020, 18,964,000 shares of the registrant's common stock were outstanding.

FORRESTER RESEARCH, INC.

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PART I.

ITEM 1. FINANCIAL STATEMENTS

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data, unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 73,027	$ 67,904
Accounts receivable, net of allowance for expected credit losses of $796 and $628 as of September 30, 2020 and December 31, 2019, respectively	54,141	84,605
Deferred commissions	14,408	20,326
Prepaid expenses and other current assets	16,041	19,201
Total current assets	157,617	192,036
Property and equipment, net	28,531	29,937
Operating lease right-of-use assets	73,211	69,100
Goodwill	244,990	243,895
Intangible assets, net	83,386	97,363
Other assets	5,040	6,829
Total assets	$ 592,775	$ 639,160
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 1,707	$ 505
Accrued expenses and other current liabilities	54,802	79,857
Current portion of long-term debt	11,719	9,375
Deferred revenue	155,418	179,194
Total current liabilities	223,646	268,931
Long-term debt, net of deferred financing fees	98,268	121,170
Non-current operating lease liabilities	72,940	67,062
Other non-current liabilities	23,213	23,909
Total liabilities	418,067	481,072
Commitments and contingencies		
Stockholders' Equity (Note 12):		
Preferred stock, $0.01 par value		
Authorized - 500 shares; issued and outstanding - none	—	—
Common stock, $0.01 par value		
Authorized - 125,000 shares		
Issued - 23,579 and 23,275 shares as of September 30, 2020 and December 31, 2019, respectively		
Outstanding - 18,948 and 18,644 shares as of September 30, 2020 and December 31, 2019, respectively	236	233
Additional paid-in capital	225,053	216,454
Retained earnings	125,554	118,147
Treasury stock - 4,631 shares as of September 30, 2020 and December 31, 2019	(171,889)	(171,889)
Accumulated other comprehensive loss	(4,246)	(4,857)
Total stockholders' equity	174,708	158,088
Total liabilities and stockholders' equity	$ 592,775	$ 639,160

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data, unaudited)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenues:				
Research	$ 72,813	$ 74,548	$ 219,230	$ 219,436
Consulting	34,633	32,619	102,980	98,422
Events	1,131	1,429	6,253	19,570
Total revenues	108,577	108,596	328,463	337,428
Operating expenses:				
Cost of services and fulfillment	46,125	44,929	133,442	146,610
Selling and marketing	42,209	41,605	121,599	127,655
General and administrative	12,475	13,533	35,936	39,944
Depreciation	2,544	2,121	7,398	6,310
Amortization of intangible assets	4,722	5,654	14,147	16,963
Acquisition and integration costs	328	2,394	3,815	7,848
Total operating expenses	108,403	110,236	316,337	345,330
Income (loss) from operations	174	(1,640)	12,126	(7,902)
Interest expense	(1,259)	(1,904)	(4,104)	(6,341)
Other income (expense), net	(274)	127	(165)	(229)
Gain (loss) on investments, net	—	(17)	2,365	(61)
Income (loss) before income taxes	(1,359)	(3,434)	10,222	(14,533)
Income tax expense (benefit)	2,401	(735)	2,658	(73)
Net income (loss)	$ (3,760)	$ (2,699)	$ 7,564	$ (14,460)
Basic income (loss) per common share	$ (0.20)	$ (0.15)	$ 0.40	$ (0.78)
Diluted income (loss) per common share	$ (0.20)	$ (0.15)	$ 0.40	$ (0.78)
Basic weighted average common shares outstanding	18,872	18,546	18,779	18,448
Diluted weighted average common shares outstanding	18,872	18,546	18,873	18,448

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ (3,760)	$ (2,699)	$ 7,564	$ (14,460)
Other comprehensive income (loss), net of taxes:				
Foreign currency translation	2,577	(1,614)	1,542	(1,450)
Net change in fair value of interest rate swap	205	—	(931)	—
Other comprehensive income (loss)	2,782	(1,614)	611	(1,450)
Comprehensive income (loss)	$ (978)	$ (4,313)	$ 8,175	$ (15,910)

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands, unaudited)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Cash flows from operating activities:		
Net income (loss)	$ 7,564	$ (14,460)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	7,398	6,310
Impairment of property and equipment	626	—
Amortization of intangible assets	14,147	16,963
Net (gains) losses from investments	(2,365)	61
Deferred income taxes	(1,600)	(9,257)
Stock-based compensation	7,964	8,605
Operating lease right-of-use asset amortization and impairments	10,525	9,647
Amortization of deferred financing fees	736	720
Foreign currency losses	277	524
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	30,226	33,384
Deferred commissions	5,916	2,036
Prepaid expenses and other current assets	1,693	(610)
Accounts payable	1,183	828
Accrued expenses and other liabilities	(22,481)	(6,550)
Deferred revenue	(23,554)	6,532
Operating lease liabilities	(9,056)	(9,111)
Net cash provided by operating activities	29,199	45,622
Cash flows from investing activities:		
Acquisitions, net of cash acquired	—	(237,684)
Purchases of property and equipment	(7,279)	(8,362)
Other investing activity	4,335	29
Net cash used in investing activities	(2,944)	(246,017)
Cash flows from financing activities:		
Proceeds from borrowings, net of costs	—	171,275
Payments on borrowings	(21,031)	(40,688)
Payment of debt issuance costs	—	(857)
Deferred acquisition payments	(1,064)	(2,802)
Proceeds from issuance of common stock under employee equity incentive plans	3,514	5,589
Taxes paid related to net share settlements of stock-based compensation awards	(2,876)	(2,232)
Net cash provided by (used in) financing activities	(21,457)	130,285
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(580)	(1,212)
Net change in cash, cash equivalents and restricted cash	4,218	(71,322)
Cash, cash equivalents and restricted cash, beginning of period	69,192	140,296
Cash, cash equivalents and restricted cash, end of period	$ 73,410	$ 68,974
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,385	$ 5,466
Cash paid for income taxes	$ 2,338	$ 3,305

Non-cash financing activities for the nine months ended September 30, 2019 include $3.7 million of debt issuance costs deducted directly from the proceeds of borrowings by the lender. Refer to Note 4 – *Debt* for further information.

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 — Interim Consolidated Financial Statements

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes that appear in the Forrester Research, Inc. ("Forrester") Annual Report on Form 10-K for the year ended December 31, 2019. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the financial position, results of operations, comprehensive income (loss), and cash flows as of the dates and for the periods presented have been included. The results of operations for the three and nine months ended September 30, 2020 may not be indicative of the results for the year ending December 31, 2020, or any other period.

Due to the Company's operating segment realignment during the three months ended June 30, 2020, the revenue line items in the Consolidated Statements of Operations were updated to present Events revenues as a separate financial statement line. In the prior presentation, Events revenues were combined within the "Advisory services and events revenues" financial statement line. Prior periods have been reclassified to conform to the current period presentation. These reclassifications had no impact on the amount of total revenues previously reported.

Liquidity and Impact of COVID-19

The COVID-19 pandemic has significantly affected the Company beginning in March 2020 primarily through lower contract bookings and a reduction in revenues from the conversion of the Company's events from in-person to virtual events. The Company had previously announced that its events for the remainder of 2020 will be held as virtual events. While the duration and severity of this pandemic is uncertain, the Company currently expects the reduction in its subscription Research, Connect and Analytics revenues to continue during the fourth quarter of 2020 due to reduced customer contract booking activity that began in March 2020 and continued into the third quarter of 2020. The extent to which the COVID-19 pandemic ultimately impacts the Company's business, financial condition, results of operations, cash flows, and liquidity may differ from the Company's current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

The Company has implemented several cost-reduction measures that include reductions to travel, new hiring, and employee incentive compensation programs. The Company will continue to proactively respond to the situation and may take further actions that alter the Company's business operations as may be required by governmental authorities, or that the Company determines are in the best interests of its employees and customers.

As of September 30, 2020, the Company is in compliance with its financial covenants under its Credit Agreement (refer to Note 4 – *Debt*). The Company currently forecasts that it will be in compliance with its financial covenants for at least one year from the issuance of these interim financial statements, after taking into consideration the measures noted above. If the impact of COVID-19 is more severe than currently forecasted this may impact the Company's ability to comply with its financial covenants which could have a material adverse effect on the Company.

The Company assessed certain accounting estimates that generally require consideration of forecasted financial information in context with the information reasonably available to it and the unknown future impacts COVID-19 as of September 30, 2020 and through the date of this report. The accounting matters assessed included, but were not limited to, the allowance for expected credit losses, the carrying value of its goodwill and other long-lived assets, valuation allowances for tax assets, and revenue recognition. While there was not a material impact to the consolidated financial statements resulting from the Company's assessments as of and for the three and nine months ended September 30, 2020, the Company's future assessment of its current expectations of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to its consolidated financial statements in future reporting periods.

Presentation of Restricted Cash

The following table summarizes the end-of-period cash and cash equivalents from the Company's Consolidated Balance Sheets and the total cash, cash equivalents and restricted cash as presented in the accompanying Consolidated Statements of Cash Flows (in thousands).

	Nine Months Ended September 30,	
	2020	2019
Cash and cash equivalents	$ 73,027	$ 67,629
Restricted cash classified in (1):		
Prepaid expenses and other current assets	345	717
Other assets	38	628
Cash, cash equivalents and restricted cash shown in statement of cash flows	$ 73,410	$ 68,974

(1) Restricted cash consists of collateral required for letters of credit and credit card processing outside of the U.S. The short-term or long-term classification regarding the collateral for the letters of credit is determined in accordance with the expiration of the underlying lease as the letters of credit are non-cancellable while the leases are in effect.

Adoption of New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* ("Topic 326"). The standard amends the existing financial instrument incurred loss impairment model by requiring entities to use a forward-looking approach based on expected losses and to consider a broader range of reasonable and supportable information to estimate credit losses on certain types of financial instruments, including trade receivables. On January 1, 2020, the Company adopted the standard using the modified retrospective method in which prior periods are not adjusted and recorded a cumulative effect adjustment of $0.2 million to decrease retained earnings. Expected losses are based, in part, on the Company's historical loss rate experience as well as management's expectations of future losses as informed by current economic conditions.

The allowance for expected credit losses on accounts receivable for the nine months ended September 30, 2020 is summarized as follows (in thousands):

	Total Allowance
Balance at December 31, 2019	$ 628
Cumulative effect adjustment of adopting Topic 326	218
Provision for expected credit losses	591
Write-offs	(637)
Translation adjustments	(4)
Balance at September 30, 2020	$ 796

The Company adopted the guidance in ASU No. 2017-04, *Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment* on January 1, 2020. The new standard simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test and requires that instead, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The adoption of this standard did not impact the Company's financial position or results of operations.

The Company adopted the guidance in ASU No. 2018-13, *Fair Value Measurement Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* on January 1, 2020. The new standard modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*, including changes to fair value transfers and Level 3 fair value measurements. Changes required upon adoption of this standard are included in Note 8 – *Fair Value Measurements* and did not impact the Company's financial position or results of operations.

The Company adopted the guidance in ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract* on January 1, 2020. The new standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The adoption of this standard did not have a material impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes – Simplifying the Accounting for Income Taxes*. The new standard provides guidance to simplify the accounting for income taxes in certain areas, changes the accounting for select income tax transactions, and makes other minor improvements. The new standard will be effective for the Company on January 1, 2021. The Company is currently evaluating the potential impact that this standard may have on its financial position and results of operations.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Finance Reporting*. The new standard provides optional guidance for a limited period of time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting due to the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The updates apply to contracts, hedging relationships, and other transactions that reference LIBOR, or another reference rate expected to be discontinued because of reference rate reform, and as a result require a modification. An entity may elect to apply the amendments immediately or at any point through December 31, 2022. The Company is currently evaluating the potential impact that this standard may have on its financial position and results of operations, including the standard's potential impact on any contractual changes in the future that may result from reference rate reform.

Note 2 — Acquisitions

Forrester accounts for business combinations in accordance with the acquisition method of accounting as prescribed by Accounts Standards Codification ("ASC") Topic 805, *Business Combinations* ("Topic 805"). The acquisition method of accounting requires the Company to record the assets and liabilities acquired based on their estimated fair values as of the acquisition date, with any excess of the consideration transferred over the estimated fair value of the net assets acquired, including identifiable intangible assets, to be recorded to goodwill. The Company did not have any business combinations during the nine months ended September 30, 2020.

SiriusDecisions, Inc.

On January 3, 2019, Forrester acquired 100% of the issued and outstanding shares of SiriusDecisions, Inc. ("SiriusDecisions"), a privately-held company based in Wilton, Connecticut with approximately 350 employees globally. SiriusDecisions equips business-to-business (B2B) sales, marketing, and product leaders with the actionable research, frameworks, tools, operational benchmarks and expert advice they need to maximize performance and drive alignment. The acquisition creates several opportunities for the Company, including cross-selling services to the Company's respective client bases, extending SiriusDecisions' platform, methodologies, data, and best-practices tools into new roles, and accelerating international and industry growth. The acquisition of SiriusDecisions was determined to be an acquisition of a business under the provisions of Topic 805.

Pursuant to the terms of the merger agreement, the Company paid $246.8 million at closing after certain transaction expense adjustments, which was subject to a working capital adjustment.

SiriusDecisions' operating results are reported within the Company's Research, Consulting and Events segments. During the year ended December 31, 2019, the Company finalized the purchase price allocation and related accounting for the acquisition.

The Company recognized $1.7 million of acquisition costs in the nine months ended September 30, 2019 related to the SiriusDecisions acquisition. The costs primarily consisted of investment banker fees and other professional services costs and are included in acquisition and integration costs within the Consolidated Statements of Operations.

Note 3 — Goodwill and Other Intangible Assets

Goodwill

The change in the carrying amount of goodwill for the nine months ended September 30, 2020 is summarized as follows (in thousands):

	Total
Balance at December 31, 2019	$ 243,895
Translation adjustments	1,095
Balance at September 30, 2020	$ 244,990

The Company assesses goodwill for impairment annually on November 30, or on an interim basis if an event indicates a specific impairment may exist. As a result of the Company's segment realignments during the first half of 2020 (refer to Note 14 – *Operating Segments* for additional information), the Company performed qualitative assessments of goodwill for all reporting units immediately prior to and after the reporting unit changes and concluded no impairment existed. Approximately $8.0 million of goodwill is allocated to the Company's Consulting reporting unit, which has a negative carrying value as of September 30, 2020.

As of September 30, 2020, the Company had no accumulated goodwill impairment losses.

Finite-Lived Intangible Assets

The carrying values of finite-lived intangible assets are as follows (in thousands):

	September 30, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets			
Customer relationships	$ 109,977	$ 46,699	$ 63,278
Technology	16,815	9,326	7,489
Backlog	13,000	11,375	1,625
Trademarks	12,474	1,480	10,994
Total	$ 152,266	$ 68,880	$ 83,386

	December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets			
Customer relationships	$ 109,825	$ 40,169	$ 69,656
Technology	16,661	7,051	9,610
Backlog	13,000	6,500	6,500
Trademarks	12,451	854	11,597
Total	$ 151,937	$ 54,574	$ 97,363

Estimated intangible asset amortization expense for each of the five succeeding years is as follows (in thousands):

2020 (remainder)	$ 4,720
2021	12,380
2022	11,042
2023	10,862
2024	9,751
Thereafter	34,631
Total	$ 83,386

Note 4 — Debt

In connection with the acquisition of SiriusDecisions, on January 3, 2019 (the “Closing Date”) the Company entered into a $200.0 million credit agreement (the “Credit Agreement”). The Credit Agreement provides for: (1) senior secured term loans in an aggregate principal amount of $125.0 million (the “*Term Loans*”) and (2) a senior secured revolving credit facility in an aggregate principal amount of $75.0 million (the “*Revolving Credit Facility*”). On the Closing Date, the full $125.0 million of the Term Loans and $50.0 million of the Revolving Credit Facility were used to finance a portion of the acquisition of SiriusDecisions and to pay certain fees, costs and expenses incurred in connection with the acquisition and the Credit Agreement. The Credit Agreement is scheduled to mature on January 3, 2024.

The Credit Agreement permits the Company to borrow incremental term loans and/or increase commitments under the Revolving Credit Facility in an aggregate principal amount up to $50.0 million, subject to approval by the administrative agent and certain customary terms and conditions.

The Term Loans and Revolving Credit Facility can be repaid early, in part or in whole, at any time and from time to time, without premium or penalty, other than customary breakage reimbursement requirements for LIBOR based loans. The Term Loans must be prepaid with net cash proceeds of (i) certain debt incurred or issued by Forrester and its restricted subsidiaries and (ii) certain asset sales and condemnation or casualty events, subject to certain reinvestment rights.

Amounts borrowed under the Credit Agreement bear interest, at Forrester's option, at a rate per annum equal to either (i) LIBOR for the applicable interest period plus a margin that is between 1.75% and 2.50% based on Forrester's consolidated total leverage ratio or (ii) the alternate base rate plus a margin that is between 0.75% and 1.50% based on Forrester's consolidated total leverage ratio. In addition, the Company pays a commitment fee that is between 0.25% and 0.35% per annum, based on Forrester's consolidated total leverage ratio, on the average daily unused portion of the Revolving Credit Facility, payable quarterly, in arrears.

The Term Loans require repayment of the outstanding principal balance in quarterly installments each year, with the balance repayable on the maturity date, subject to customary exceptions. As of September 30, 2020, the amount payable in each year is set forth in the table below (in thousands):

2020 (remainder)	$	2,344
2021		12,500
2022		12,500
2023		15,625
2024		68,750
Total remaining principal payments	$	111,719

The Revolving Credit Facility does not require repayment prior to maturity, subject to customary exceptions. In addition to financing the acquisition, proceeds from the Revolving Credit Facility can also be used towards working capital and general corporate purposes. Up to $5.0 million of the Revolving Credit Facility is available for the issuance of letters of credit, and any drawings under the letters of credit must be reimbursed within one business day. As of September 30, 2020, $0.9 million in letters of credit were issued under the Revolving Credit Facility.

Forrester incurred $1.8 million in costs related to the Revolving Credit Facility, which are recorded in other assets on the Consolidated Balance Sheets. These costs are being amortized as interest expense on the Consolidated Statements of Operations on a straight-line basis over the five-year term of the Revolving Credit Facility. Forrester incurred $2.8 million in costs related to the Term Loans, which are recorded as a reduction to the face value of long-term debt on the Consolidated Balance Sheets. These costs are being amortized as interest expense on the Consolidated Statements of Operations utilizing the effective interest rate method.

Outstanding Borrowings

The following table summarizes the Company's total outstanding borrowings as of the dates indicated (in thousands):

Description:		September 30, 2020		December 31, 2019
Term loan facility (1)	$	111,719	$	118,750
Revolving credit facility (2)		—		14,000
Principal amount outstanding (3)		111,719		132,750
Less: Deferred financing fees		(1,732)		(2,205)
Net carrying amount	$	109,987	$	130,545

(1) The contractual annualized interest rate as of September 30, 2020 on the Term loan facility was 2.1875%, which consisted of LIBOR of 0.1875% plus a margin of 2.00%. However, the Company has an interest rate swap that effectively converts the floating LIBOR base rates on a portion of the amounts outstanding to a fixed base rate. Refer to Note 7 – *Derivatives and Hedging* for further information on the swap.
(2) The Company had $74.1 million of available borrowing capacity on the revolver (not including the expansion feature) as of September 30, 2020.
(3) The weighted average annual effective rate on the Company's total debt outstanding for the three and nine months ended September 30, 2020, was 2.1875% and 2.9006%, respectively.

The Credit Agreement contains certain customary restrictive loan covenants, including among others, financial covenants that apply a maximum leverage ratio and minimum fixed charge coverage ratio. The maximum leverage ratio is based on total debt outstanding at the measurement date divided by EBITDA (as defined in the Credit Agreement) and the fixed charge coverage ratio is based upon EBITDA (as defined in the Credit Agreement), less capital expenditures, as a ratio to certain fixed charges, including Term Loan amortization, cash interest expense and cash taxes. The negative covenants limit, subject to various exceptions, the Company's ability to incur additional indebtedness, create liens on assets, merge, consolidate, liquidate or dissolve any part of the Company, sell assets, pay dividends or other payments in respect to capital stock, change fiscal year, or enter into certain transactions with affiliates and subsidiaries. The Credit Agreement also contains customary events of default, representations, and warranties.

As of September 30, 2020, the Company is in compliance with its financial covenants under the Credit Agreement. The Company currently forecasts that it will be in compliance with its financial covenants for at least one year from the issuance of these interim financial statements, after taking into consideration the cost-reduction measures implemented during the first quarter of the year. If the impact of COVID-19 is more severe than currently forecasted this may impact the Company's ability to comply with its financial covenants, and it is not certain that the Company would be able to renegotiate the terms of the Credit Agreement in order to provide relief related to the financial covenants. If the Company were unable to meet its financial covenants and then were unable to renegotiate the terms of its financial covenants, all debt outstanding under the Credit Agreement could become immediately due and payable.

All obligations under the Credit Agreement are unconditionally guaranteed by each of the Company's existing and future, direct and indirect material wholly-owned domestic subsidiaries, other than certain excluded subsidiaries, and are collateralized by a first priority lien on substantially all tangible and intangible assets including intellectual property and all of the capital stock of the Company and its subsidiaries (limited to 65% of the voting equity of certain subsidiaries).

Note 5 — Leases

All of the Company's leases are operating leases, the majority of which are for office space. Operating lease right-of-use ("ROU") assets and non-current operating lease liabilities are included as individual line items on the Consolidated Balance Sheets, while short-term operating lease liabilities are recorded within accrued expenses and other current liabilities. Leases with an initial term of twelve months or less are not recorded on the Consolidated Balance Sheets and are not material.

The components of lease expense were as follows (in thousands):

	For the Three Months Ended September 30,	
	2020	2019
Operating lease cost	$ 4,114	$ 3,851
Short-term lease cost	81	80
Variable lease cost	1,539	1,197
Sublease income	(65)	(54)
Total lease cost	$ 5,669	$ 5,074

	For the Nine Months Ended September 30,	
	2020	2019
Operating lease cost	$ 12,049	$ 11,215
Short-term lease cost	245	420
Variable lease cost	4,555	3,888
Sublease income	(190)	(121)
Total lease cost	$ 16,659	$ 15,402

Additional lease information is summarized in the following table (in thousands, except lease term and discount rate):

	For the Nine Months Ended September 30,	
	2020	2019
Cash paid for amounts included in the measurement of operating lease liabilities	$ 9,056	$ 9,111
Operating lease right-of-use assets obtained in exchange for lease obligations	$ 16,117	$ 17,770
Weighted-average remaining lease term - operating leases (years)	6.6	6.6
Weighted-average discount rate - operating leases	4.6%	5.1%

Future minimum lease payments under non-cancellable leases as of September 30, 2020 are as follows (in thousands):

2020 (remainder)	$	3,863
2021		15,285
2022		15,494
2023		14,962
2024		14,575
Thereafter		33,723
Total lease payments		97,902
Less imputed interest		(13,062)
Present value of lease liabilities	$	84,840

Lease balances as of September 30, 2020 are as follows (in thousands):

Operating lease right-of-use assets	$	73,211
Short-term operating lease liabilities (1)	$	11,900
Non-current operating lease liabilities		72,940
Total operating lease liabilities	$	84,840

(1) Included in accrued expenses and other current liabilities on the Consolidated Balance Sheets.

The Company's leases do not contain residual value guarantees, material restrictions or covenants, and all sublease transactions are not material. The Company incurred $1.4 million of ROU asset impairments during the nine months ended September 30, 2020 related to facility leases from the SiriusDecisions, Inc. acquisition. These impairments are recorded in acquisition and integration costs in the Consolidated Statements of Operations.

Additionally, the Company received a variable incentive payment of $3.5 million in the fourth quarter of 2020 from one of its landlords to terminate the related office space lease early. This amount will be recognized as a reduction in rent expense during the fourth quarter of 2020.

Note 6 – Contract Assets and Liabilities

Accounts Receivable

Accounts receivable includes amounts billed and currently due from customers. Since the only condition for payment of the Company's invoices is the passage of time, a receivable is recorded on the date an invoice is issued. Also included in accounts receivable are unbilled amounts resulting from revenue exceeding the amount billed to the customer, where the right to payment is unconditional. If the right to payment for services performed was conditional on something other than the passage of time, the unbilled amount would be recorded as a separate contract asset. There were no contract assets as of September 30, 2020 or 2019.

The majority of the Company's contracts are non-cancellable. However, for contracts that are cancellable by the customer, the Company does not record a receivable when it issues an invoice. The Company records accounts receivable on these contracts only up to the amount of revenue earned but not yet collected.

In addition, since the majority of the Company's contracts are for a duration of one year and payment is expected within one year from the transfer of products and services, the Company does not adjust its receivables or transaction prices for the effects of a significant financing component.

Deferred Revenue

The Company refers to contract liabilities as deferred revenue on the Consolidated Balance Sheets. Payment terms in the Company's customer contracts vary, but generally require payment in advance of fully satisfying the performance obligation(s). Deferred revenue consists of billings in excess of revenue recognized. Similar to accounts receivable, the Company does not record deferred revenue for invoices issued on a cancellable contract.

During the three months ended September 30, 2020 and 2019, the Company recognized revenue of $25.5 and $21.2 million, respectively, related to its deferred revenue balance at the beginning of each such period. During the nine months ended September 30, 2020 and 2019, the Company recognized revenue of $138.6 and $132.8 million, respectively, related to its deferred revenue balance at the beginning of each such period. To determine revenue recognized in each such period from deferred revenue at the beginning of the period, the Company first allocates revenue to the individual deferred revenue balance outstanding at the beginning of the period, until the revenue equals that balance.

Approximately $301.0 million of revenue is expected to be recognized during the next 24 months from remaining performance obligations as of September 30, 2020.

Cost to Obtain Contracts

The Company capitalizes commissions paid to sales representatives and related fringe benefits costs that are incremental to obtaining customer contracts. These costs are included in deferred commissions on the Consolidated Balance Sheets. The Company accounts for these costs at a portfolio level as the Company’s contracts are similar in nature and the amortization model used closely matches the amortization expense that would be recognized on a contract-by-contract basis. Costs to obtain a contract are amortized to operations as the related revenue is recognized over the initial contract term. Amortization expense related to deferred commissions for the three months ended September 30, 2020 and 2019 was $9.9 million and $8.1 million, respectively. Amortization expense related to deferred commissions for the nine months ended September 30, 2020 and 2019 was $27.1 million and $24.1 million, respectively. The Company evaluates the recoverability of deferred commissions at each balance sheet date.

Note 7 — Derivatives and Hedging

The Company enters into derivative contracts (an interest rate swap and foreign currency forwards) to mitigate the cash flow risk associated with changes in interest rates on its variable rate debt (refer to Note 4 – *Debt*) and changes in foreign exchange rates on forecasted foreign currency transactions. The Company accounts for its derivate contracts in accordance with FASB ASC Topic 815 – *Derivatives and Hedging* (“Topic 815”), which requires all derivatives, including derivatives designated as accounting hedges, to be recorded on the balance sheet at fair value.

Interest Rate Swap

At September 30, 2020, the Company had a single interest rate swap contract that matures in 2022, with an initial notional amount of $95.0 million. The notional amount at September 30, 2020 was $80.6 million. The Company pays a base fixed rate of 1.65275% and in return receives the greater of (1) 1-month LIBOR, rounded up to the nearest 1/16 of a percent, or (2) 0.00%. The fair value of the swap on September 30, 2020 was a liability of $1.4 million (refer to Note 8 – *Fair Value Measurements* for information on determining the fair value). The liability is included in other non-current liabilities in the Consolidated Balance Sheets.

The swap has been designated and accounted for as a cash flow hedge of the forecasted interest payments on the Company’s debt. As long as the swap continues to be a highly effective hedge of the designated interest rate risk, changes in the fair value of the swap are recorded in accumulated other comprehensive loss, a component of equity. Any ineffective portion of a change in the fair value of a hedge is recorded in earnings.

As required under Topic 815, the swap’s effectiveness is assessed on a quarterly basis. Since its inception, and through September 30, 2020, the interest rate swap was considered highly effective. Accordingly, the entire negative fair value as of September 30, 2020 of $1.0 million (net of taxes) is recorded in accumulated other comprehensive loss. The Company expects $0.7 million of this loss, net of taxes, to be reclassified into earnings within the next 12 months.

Foreign Currency Forwards

The Company enters into foreign currency forward exchange contracts to mitigate the effects of adverse fluctuations in foreign currency exchange rates on transactions entered into in the normal course of business that are denominated in foreign currencies that differ from the local functional currency. These contracts generally have short durations and are recorded at fair value with both realized and unrealized gains and losses recorded in other income (expense), net in the Consolidated Statements of Operations because the Company does not designate these contracts as hedges for accounting purposes.

During the nine months ended September 30, 2020, the Company entered into three foreign currency forward exchange contracts, all of which settled by September 30, 2020. Accordingly, as of September 30, 2020, there are no amounts recorded in the Consolidated Balance Sheets for these contracts.

The Company's derivative counterparties are investment grade financial institutions. The Company does not have any collateral arrangements with its derivative counterparties and the derivative contracts do not contain credit risk related contingent features. The table below provides information regarding amounts recognized in the Consolidated Statements of Operations for derivative contracts for the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Amount recorded in:	2020	2019	2020	2019
Interest expense (1)	$ (318)	$ —	$ (556)	$ —
Other income (expense), net (2)	—	—	(157)	—
Total	$ (318)	$ —	$ (713)	$ —

(1) Consists of interest expense from the interest rate swap contract.
(2) Consists of net realized losses on foreign currency forward contracts.

The Company did not have any derivatives as of, or during, the nine months ended September 30, 2019.

Note 8 — Fair Value Measurements

The carrying amounts reflected in the Consolidated Balance Sheets for cash, accounts receivable, accounts payable, and accrued expenses (excluding the contingent consideration discussed below) approximate fair value due to their short-term maturities. The Company's financial instruments also include its outstanding variable-rate borrowings (refer to Note 4 – *Debt*). The Company believes that the carrying amount of its variable-rate borrowings reasonably approximate their fair values because the rates of interest on those borrowings reflect current market rates of interest.

Additionally, the Company measures certain financial assets and liabilities at fair value on a recurring basis including cash equivalents and its derivative contracts. The fair values of these financial assets and liabilities have been classified as Level 1, 2, or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements:

Level 1 — Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value based on inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Fair value based on unobservable inputs that are supported by little or no market activity and such inputs are significant to the fair value of the assets or liabilities.

The following table represents the Company's fair value hierarchy for its financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	As of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds (1)	$ 502	$ —	$ —	$ 502
Total Assets	$ 502	$ —	$ —	$ 502
Liabilities				
Contingent purchase price (2)	$ —	$ —	$ (2,684)	$ (2,684)
Interest rate swap (3)	—	$ (1,441)	—	$ (1,441)
Total Liabilities	$ —	$ (1,441)	$ —	$ (1,441)

	As of December 31, 2019							
	Level 1		Level 2		Level 3		Total	
Assets								
Money market funds (1)	$	2,354	$	—	$	—	$	2,354
Total Assets	$	2,354	$	—	$	—	$	2,354
Liabilities								
Contingent purchase price (2)	$	—	$	—	$	(2,511)	$	(2,511)
Interest rate swap (3)		—	$	(144)		—	$	(144)
Total Liabilities	$	—	$	(144)	$	(2,511)	$	(2,655)

(1) Included in cash and cash equivalents on the Consolidated Balance Sheets.

(2) The acquisition of FeedbackNow on July 6, 2018 included a contingent consideration arrangement that required up to $4.2 million of consideration to be paid to the sellers based on the financial performance of FeedbackNow during the two-year period subsequent to the closing date. The calculated fair value of the remaining contingent consideration to be paid to the sellers at December 31, 2019 was $2.5 million. As of September 30, 2020, the contingency had been resolved and the remaining contractual payment of $2.7 million was due to the sellers. This amount was paid in October 2020. The amounts as of September 30, 2020 and December 31, 2019 are included in accrued expenses and other current liabilities in the Consolidated Balance Sheets.

(3) The Company has an interest rate swap contract that hedges the risk of variability from interest payments on its borrowings (refer to Note 4 – *Debt* and Note 7 – *Derivatives and Hedging*). The fair value of the interest rate swap is based on valuations prepared by a third-party broker. Those valuations are based on observable interest rates and other observable market data, which the Company considers Level 2 inputs.

During the nine months ended September 30, 2020 and 2019, the Company did not transfer assets or liabilities between levels of the fair value hierarchy. Additionally, there have been no changes to the valuation techniques for Level 2 or Level 3 liabilities.

Level 3 activity for the nine months ended September 30, 2020 consisted entirely of the contingent purchase price related to the acquisition of FeedbackNow. Changes in the fair value of Level 3 contingent consideration for the nine months ended September 30, 2020 were as follows (in thousands):

	Contingent Consideration	
Balance at December 31, 2019	$	(2,511)
Fair value adjustment of contingent purchase price (1)		(22)
Foreign exchange effect		(151)
Balance at September 30, 2020	$	(2,684)

(1) This amount was recognized as acquisition and integration costs within the Consolidated Statements of Operations.

Note 9 — Income Taxes

Forrester provides for income taxes on an interim basis according to management's estimate of the effective tax rate expected to be applicable for the full fiscal year. Certain items such as changes in tax rates, tax benefits or expense related to settlements of share-based payment awards, and foreign currency gains or losses are treated as discrete items and are recorded in the period in which they arise.

Income tax expense for the nine months ended September 30, 2020 was $2.7 million resulting in an effective tax rate of 26.0% for the period. Income tax benefit for the nine months ended September 30, 2019 was $0.1 million resulting in an effective tax rate of 0.5% for the period. The increase in income tax expense during the 2020 period was primarily due to the increase in overall U.S. profitability.

The Company anticipates that its effective tax rate for the full year 2020 will be approximately 25%.

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief and Economic Security ("CARES") Act to provide certain relief as a result of the COVID-19 outbreak. The Company is currently evaluating the potential impact that the provisions in the CARES may have on its financial position and results of operations.

Note 10 — Accumulated Other Comprehensive Income (Loss) (“AOCI/L”)

The components of accumulated other comprehensive income (loss) are as follows (net of tax, in thousands):

	Interest Rate Swap	Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2020	$ (1,240)	$ (5,788)	$ (7,028)
Other comprehensive income (loss) activity during the period:			
Foreign currency translation	—	2,577	2,577
Unrealized loss before reclassification	(23)	—	(23)
Reclassification of AOCI/L to income (1)	228	—	228
Other comprehensive income (loss) for the period	205	2,577	2,782
Balance at September 30, 2020	$ (1,035)	$ (3,211)	$ (4,246)

	Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at June 30, 2019	$ (4,990)	$ (4,990)
Other comprehensive income (loss) activity during the period:		
Foreign currency translation	(1,614)	(1,614)
Other comprehensive income (loss) for the period	(1,614)	(1,614)
Balance at September 30, 2019	$ (6,604)	$ (6,604)

	Interest Rate Swap	Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	$ (104)	$ (4,753)	$ (4,857)
Other comprehensive income (loss) activity during the period:			
Foreign currency translation	—	1,542	1,542
Unrealized loss before reclassification	(1,330)	—	(1,330)
Reclassification of AOCI/L to income (1)	399	—	399
Other comprehensive income (loss) for the period	(931)	1,542	611
Balance at September 30, 2020	$ (1,035)	$ (3,211)	$ (4,246)

	Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2018	$ (5,154)	$ (5,154)
Other comprehensive income (loss) activity during the period:		
Foreign currency translation	(1,450)	(1,450)
Other comprehensive income (loss) for the period	(1,450)	(1,450)
Balance at September 30, 2019	$ (6,604)	$ (6,604)

(1) Reclassifications are related to the Company’s interest rate swap (cash flow hedge) and were recorded in Interest expense in the Consolidated Statements of Operations. Refer to Note 7 – *Derivatives and Hedging*.

Note 11 — Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the basic weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the diluted weighted average number of common shares and common equivalent shares outstanding during the period. The weighted average number of common equivalent shares outstanding has been determined in accordance with the treasury-stock method. Common equivalent shares consist of common stock issuable on the exercise of outstanding stock options and the vesting of restricted stock units.

Basic and diluted weighted average common shares are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic weighted average common shares outstanding	18,872	18,546	18,779	18,448
Weighted average common equivalent shares	—	—	94	—
Diluted weighted average common shares outstanding	18,872	18,546	18,873	18,448
Options and restricted stock units excluded from diluted weighted average share calculation as effect would have been anti-dilutive	790	1,090	427	1,086

Note 12 — Stockholders' Equity

The components of stockholders' equity are as follows (in thousands):

	Three Months Ended September 30, 2020							
	Common Stock				Treasury Stock			
	Number of Shares	$0.01 Par Value	Additional Paid-in Capital	Retained Earnings	Number of Shares	Cost	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at June 30, 2020	23,401	$ 234	$ 222,778	$ 129,314	4,631	$ (171,889)	$ (7,028)	$ 173,409
Issuance of common stock under stock plans, net	178	2	(422)	—	—	—	—	(420)
Stock-based compensation expense	—	—	2,697	—	—	—	—	2,697
Net loss	—	—	—	(3,760)	—	—	—	(3,760)
Other comprehensive income	—	—	—	—	—	—	2,782	2,782
Balance at September 30, 2020	23,579	$ 236	$ 225,053	$ 125,554	4,631	$ (171,889)	$ (4,246)	$ 174,708

	Three Months Ended September 30, 2019							
	Common Stock				Treasury Stock			
	Number of Shares	$0.01 Par Value	Additional Paid-in Capital	Retained Earnings	Number of Shares	Cost	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at June 30, 2019	23,089	$ 231	$ 210,378	$ 115,956	4,631	$ (171,889)	$ (4,990)	$ 149,686
Issuance of common stock under stock plans, net	158	1	(794)	—	—	—	—	(793)
Stock-based compensation expense	—	—	3,072	—	—	—	—	3,072
Net loss	—	—	—	(2,699)	—	—	—	(2,699)
Other comprehensive loss	—	—	—	—	—	—	(1,614)	(1,614)
Balance at September 30, 2019	23,247	$ 232	$ 212,656	$ 113,257	4,631	$ (171,889)	$ (6,604)	$ 147,652

	Nine Months Ended September 30, 2020							
	Common Stock				Treasury Stock			
	Number of Shares	$0.01 Par Value	Additional Paid-in Capital	Retained Earnings	Number of Shares	Cost	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2019	23,275	$ 233	$ 216,454	$ 118,147	4,631	$ (171,889)	$ (4,857)	$ 158,088
Issuance of common stock under stock plans, net	304	3	635	—	—	—	—	638
Stock-based compensation expense	—	—	7,964	—	—	—	—	7,964
Cumulative effect adjustment due to adoption of new accounting pronouncement, net of tax of $61	—	—	—	(157)	—	—	—	(157)
Net income	—	—	—	7,564	—	—	—	7,564
Other comprehensive income	—	—	—	—	—	—	611	611
Balance at September 30, 2020	23,579	$ 236	$ 225,053	$ 125,554	4,631	$ (171,889)	$ (4,246)	$ 174,708

	Nine Months Ended September 30, 2019							
	Common Stock				Treasury Stock			
	Number of Shares	$0.01 Par Value	Additional Paid-in Capital	Retained Earnings	Number of Shares	Cost	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance at December 31, 2018	22,951	$ 230	$ 200,696	$ 127,717	4,631	$ (171,889)	$ (5,154)	$ 151,600
Issuance of common stock under stock plans, net	296	2	3,355	—	—	—	—	3,357
Stock-based compensation expense	—	—	8,605	—	—	—	—	8,605
Net loss	—	—	—	(14,460)	—	—	—	(14,460)
Other comprehensive loss	—	—	—	—	—	—	(1,450)	(1,450)
Balance at September 30, 2019	23,247	$ 232	$ 212,656	$ 113,257	4,631	$ (171,889)	$ (6,604)	$ 147,652

Equity Plans

Restricted stock unit activity for the nine months ended September 30, 2020 is presented below (in thousands, except per share data):

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2019	656	$ 42.94
Granted	355	35.10
Vested	(267)	42.21
Forfeited	(84)	43.60
Unvested at September 30, 2020	660	$ 38.94

Stock option activity for the nine months ended September 30, 2020 is presented below (in thousands, except per share data and contractual term):

	Number of Shares	Weighted - Average Exercise Price Per Share	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	436	$ 35.62		
Granted	—	—		
Exercised	(29)	32.94		
Forfeited	(53)	37.75		
Outstanding at September 30, 2020	354	$ 35.52	3.26	$ 28
Vested and Exercisable at September 30, 2020	354	$ 35.52	3.26	$ 28

Stock-Based Compensation

Forrester recognizes the fair value of stock-based compensation over the requisite service period of the individual grantee, which generally equals the vesting period. Stock-based compensation was recorded in the following expense categories in the Consolidated Statements of Operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of services and fulfillment	$ 1,638	$ 1,782	$ 4,463	$ 4,812
Selling and marketing	446	441	1,231	1,366
General and administrative	613	849	2,270	2,427
Total	$ 2,697	$ 3,072	$ 7,964	$ 8,605

Forrester utilizes the Black-Scholes valuation model for estimating the fair value of shares subject to purchase under the employee stock purchase plan, which were valued using the following assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Average risk-free interest rate	0.12%	1.89%	0.12%	1.89%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Expected life	0.5 Years	0.5 Years	0.5 Years	0.5 Years
Expected volatility	93%	30%	93%	30%
Weighted average fair value	$ 14.57	$ 8.29	$ 14.57	$ 8.29

Dividends

In 2019, the Company suspended its dividends program as a result of the acquisition of SiriusDecisions on January 3, 2019 (refer to Note 2 – *Acquisitions)*, and the related debt incurred to fund the acquisition (refer to Note 4 – *Debt*). The Company did not declare or pay any dividends in the nine months ended September 30, 2020 and 2019, respectively.

Treasury Stock

As of September 30, 2020, Forrester's Board of Directors had authorized an aggregate $535.0 million to purchase common stock under its stock repurchase program. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. In the nine months ended September 30, 2020 and 2019, the Company did not repurchase any shares of common stock. From the inception of the program through September 30, 2020, the Company repurchased 16.3 million shares of common stock at an aggregate cost of $474.9 million.

Note 13 — Non-Marketable Investments

At September 30, 2020 and December 31, 2019, the carrying value of the Company's non-marketable investments, which were composed of interests in technology-related private equity funds, was $0.5 million and $2.5 million, respectively, and is included in Other assets in the Consolidated Balance Sheets.

The Company's non-marketable investments are accounted for using the equity method as the investments are limited partnerships and the Company has an ownership interest in excess of 5% and, accordingly, the Company records its share of the investee's operating results each period. Gains from non-marketable investments were zero and $2.4 million during the three and nine months ended September 30, 2020, respectively, and are included in Gain (loss) on investments, net in the Consolidated Statements of Operations. Gains and losses from non-marketable investments were immaterial during the three months ended September 30, 2019. Losses from non-marketable investments were $0.1 million during the nine months ended September 30, 2019.

The Company uses the cumulative earnings approach to classify distributions received from equity method investments. During the three and nine months ended September 30, 2020, $4.3 million was distributed from the funds to the Company. This amount was included within Other investing activity in the Consolidated Statements of Cash Flows as it was considered a return on investment. During the three and nine months ended September 30, 2019, no distributions were received from the funds.

Note 14 — Operating Segments

As described in the Company's Form 8-K filed on April 2, 2020, Forrester's Chief Product Officer resigned from the Company effective April 17, 2020. Subsequently, the Chief Product Officer position was eliminated and the Company reorganized its operations to reflect three lines of business: Research, Consulting, and Events. As a result of these changes, during the three months ended June 30, 2020, the Company realigned its internal reporting into Research, Consulting, and Events. The realignment eliminated the Products segment as the product lines and organizations supporting the related revenues began operating under the new management structure. The prior period amounts have been revised to conform to the current presentation.

The Research segment includes the revenues of the Research, Connect and Analytics products and the cost of the organizations responsible for developing and delivering these products. In addition, this segment includes Consulting revenues from advisory services (such as workshops, speeches and advisory days) delivered by the Company's research and analytics analysts. The costs of the product management organization responsible for product pricing and packaging, and the launch of new products, is included in this segment.

The Consulting segment includes the revenues and the related costs of the Company's project consulting organization. The project consulting organization delivers a majority of the Company's project consulting revenue and certain advisory services.

The Events segment includes the revenues and the costs of the organization responsible for developing and hosting in-person and virtual events.

The Company evaluates reportable segment performance and allocates resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and excludes selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, interest and other expense, and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

The Company provides disaggregated revenue by product in the segment tables below (in thousands):

	Research	Consulting	Events	Consolidated
Three Months Ended September 30, 2020				
Research revenues				
Research	$ 54,107	$ —	$ —	$ 54,107
Connect	13,710	—	—	13,710
Analytics	4,996	—	—	4,996
Total research revenues	72,813	—	—	72,813
Consulting	13,372	21,261	—	34,633
Events	—	—	1,131	1,131
Total segment revenues	86,185	21,261	1,131	108,577
Segment expenses	(28,645)	(9,646)	(1,284)	(39,575)
Selling, marketing, administrative and other expenses				(63,778)
Amortization of intangible assets				(4,722)
Acquisition and integration costs				(328)
Interest expense, other expense and gains on investments				(1,533)
Loss before income taxes				$ (1,359)

	Research	Consulting	Events	Consolidated
Three Months Ended September 30, 2019				
Research revenues				
Research	$ 55,022	$ —	$ —	$ 55,022
Connect	14,257	—	—	14,257
Analytics	5,269	—	—	5,269
Total research revenues	74,548	—	—	74,548
Consulting	13,357	19,262	—	32,619
Events	—	—	1,429	1,429
Total segment revenues	87,905	19,262	1,429	108,596
Segment expenses	(28,632)	(9,299)	(1,733)	(39,664)
Selling, marketing, administrative and other expenses				(62,524)
Amortization of intangible assets				(5,654)
Acquisition and integration costs				(2,394)
Interest expense, other income and losses on investments				(1,794)
Loss before income taxes				$ (3,434)

	Research	Consulting	Events	Consolidated
Nine Months Ended September 30, 2020				
Research revenues				
Research	$ 163,071	$ —	$ —	$ 163,071
Connect	40,677	—	—	40,677
Analytics	15,482	—	—	15,482
Total research revenues	219,230	—	—	219,230
Consulting	40,749	62,231	—	102,980
Events	—	—	6,253	6,253
Total segment revenues	259,979	62,231	6,253	328,463
Segment expenses	(81,979)	(29,766)	(5,167)	(116,912)
Selling, marketing, administrative and other expenses				(181,463)
Amortization of intangible assets				(14,147)
Acquisition and integration costs				(3,815)
Interest expense, other expense and gains on investments				(1,904)
Income before income taxes				$ 10,222

	Research	Consulting	Events	Consolidated
Nine Months Ended September 30, 2019				
Research revenues				
Research	$ 161,107	$ —	$ —	$ 161,107
Connect	41,895	—	—	41,895
Analytics	16,434	—	—	16,434
Total research revenues	219,436	—	—	219,436
Consulting	42,768	55,654	—	98,422
Events	—	—	19,570	19,570
Total segment revenues	262,204	55,654	19,570	337,428
Segment expenses	(89,780)	(28,207)	(13,398)	(131,385)
Selling, marketing, administrative and other expenses				(189,134)
Amortization of intangible assets				(16,963)
Acquisition and integration costs				(7,848)
Interest expense, other expense and losses on investments				(6,631)
Loss before income taxes				$ (14,533)

Note 15 — Commitments and Contingencies

From time to time, the Company may be subject to legal proceedings and civil and regulatory claims that arise in the ordinary course of its business activities. Regardless of the outcome, litigation can have a material adverse effect on the Company because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects," "believes," "anticipates," "intends," "plans," "estimates," or similar expressions are intended to identify these forward-looking statements. Reference is made in particular to our statements about possible acquisitions, payments pursuant to existing acquisition agreements, acquisition and integration costs, future dividends, future share repurchases, future growth rates and operating income, future compliance with financial covenants under our credit facility, anticipated increases in, and productivity of, our sales force and headcount, and the adequacy of our cash and cash flows to satisfy our working capital and capital expenditures. 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. Important factors that could cause actual future activities and results to differ include, among others, our ability to retain and enrich subscriptions to, and licenses of, our Research, Connect, and Analytics products, our ability to fulfill existing or generate new advisory and consulting engagements, our ability to generate and increase demand for the Events we host, technology spending, our ability to mitigate the adverse impact from the widespread outbreak of COVID-19 which could disrupt or restrict our ability to sell or fulfill, or reduce demand for, our products, services, and events, the risks and challenges inherent in international business activities including any impact of Brexit, our ability to offer new products and services, our dependence on key personnel, our ability to attract and retain qualified professional staff, our ability to respond to business and economic conditions and market trends, our ability to integrate the operations of acquired companies, the impact of our outstanding debt, the possibility of network disruptions and security breaches, competition and industry consolidation, our ability to enforce and protect our intellectual property rights, compliance with privacy laws, possible variations in our quarterly operating results, taxation risks, concentration of our stock ownership, and any weakness identified in our system of internal controls. These risks are described more completely in our Annual Report on Form 10-K for the year ended December 31, 2019 and in Item 1A of Part II of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

The COVID-19 pandemic has significantly affected us beginning in March 2020 primarily through lower contract bookings and a reduction in revenues from the conversion of our events from in-person events to virtual events. We had previously announced that our events for the remainder of 2020 will be held as virtual events. While the duration and severity of this pandemic is uncertain, we currently expect the reduction in our subscription Research, Connect and Analytics revenues to continue during the fourth quarter of 2020 due to reduced customer contract booking activity that began in March 2020 and continued into the third quarter of 2020. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from our current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

We have implemented several cost-reduction measures that include reductions to travel, new hiring, and employee incentive compensation programs. We will continue to proactively respond to the situation and may take further actions that alter our business operations as may be required by governmental authorities, or that we determine are in the best interests of our employees and customers.

As previously noted, on January 3, 2019, we acquired 100% of the issued and outstanding shares of SiriusDecisions, Inc., a privately held company based in Wilton, Connecticut with approximately 350 employees globally. SiriusDecisions equips business-to-business (B2B) sales, marketing, and product leaders with the actionable research, frameworks, tools, operational benchmarks and expert advice to maximize performance and drive alignment. Pursuant to the terms of the merger agreement, we paid $246.8 million at closing. Net cash paid, which accounts for the cash acquired of $7.9 million and a subsequent working capital adjustment, was $237.7 million. We paid for the acquisition with $175.0 million of debt and cash on hand. Refer to Note 2 - *Acquisitions* and Note 4 – *Debt* in the Notes to Consolidated Financial Statements for more information on the acquisition and related debt obligations.

We derive revenues from subscriptions to our Research, Connect and Analytics products and services, licensing electronic "reprints" of our Research, performing advisory services and consulting projects, and hosting Events. We offer contracts for our Research, Connect and Analytics products that are typically renewable annually and payable in advance. Subscription product revenues are recognized ratably over the term of the contract. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Reprints include an obligation to deliver a customer-selected research document and certain usage data provided through an on-line platform, which represents two performance obligations. We recognize revenue for the performance obligation for the data portion of the reprint ratably over the license term. We recognize revenue for the performance obligation for the research document at the time of providing access to the document. Billings for licensing of reprints are initially recorded as deferred revenue. Clients purchase advisory and consulting services independently and/or to supplement their access to our subscription products. Consulting project revenues, which generally are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Advisory service revenues, such as workshops, speeches and advisory days, are recognized when the service is complete or the customer receives the agreed upon deliverable. Billings attributable to advisory services and consulting projects are initially recorded as deferred revenue. Events revenues consist of ticket or sponsorship sales for a Forrester-hosted event. Billings for Events are also initially recorded as deferred revenue and are recognized as revenue upon completion of each Event.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses, and general and administrative expenses. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, including salaries, bonuses, employee benefits and stock-based compensation expense for all personnel that produce and deliver our products and services, including all associated editorial, travel, and support services. Selling and marketing expenses include salaries, sales commissions, bonuses, employee benefits, stock-based compensation expense, travel expenses, promotional costs and other costs incurred in marketing and selling our products and services. General and administrative expenses include the costs of the technology, operations, finance, and human resources groups and our other administrative functions, including salaries, bonuses, employee benefits, and stock-based compensation expense. Overhead costs such as facilities and annual fees for cloud-based information technology systems are allocated to these categories according to the number of employees in each group.

Deferred revenue, agreement value, client retention, dollar retention, enrichment, and number of clients are metrics that we believe are important to understanding our business. We believe that the amount of deferred revenue, along with the agreement value of contracts, provide a significant measure of our business activity. We define these metrics as follows:

- *Deferred revenue* — billings in advance of revenue recognition as of the measurement date.
- *Agreement value* — the total revenues recognizable from all contracts to purchase our services in force at a given time (excluding contracts that consist solely of Consulting services and the value of Event sponsorships included in all contracts), without regard to how much revenue has already been recognized.
- *Client retention* — the percentage of client companies (defined as all clients except those that only purchase web-based products such as individual reports, workshops and Event tickets) at the prior year measurement date that have active contracts at the current year measurement date.
- *Dollar retention* — the percentage of the total dollar value of client companies' active contracts at the prior year measurement date that have active contracts at the current year measurement date.
- *Enrichment* — the dollar value of client companies' active contracts at the current year measurement date compared to the dollar value of the corresponding client companies' active contracts at the prior year measurement date.
- *Clients* — we aggregate the various divisions and subsidiaries of a corporate parent as a single client and we also aggregate separate instrumentalities of the federal, state, and provincial governments as a single client. We include only clients that purchased subscription-based products in our definition of clients.

Client retention, dollar retention, and enrichment are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows (dollars in millions):

	As of September 30, 2020	As of September 30, 2019	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Deferred revenue	$ 155.4	$ 168.0	$ (12.6)	(8%)
Agreement value	$ 337.9	$ 355.2	$ (17.3)	(5%)
Client retention	65%	73%	(8)	(11%)
Dollar retention	88%	90%	(2)	(2%)
Enrichment	98%	111%	(13)	(12%)
Number of clients	2,660	2,867	(207)	(7%)

Deferred revenue and agreement value decreased 8% and 5%, respectively, at September 30, 2020 compared to the prior year, primarily due to a reduction in contract bookings during the nine months ended September 30, 2020 due to the negative economic effects of COVID-19. Retention and enrichment rates decreased from the prior year due to the decrease in contract bookings experienced in 2020.

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our policies and estimates, including but not limited to, those related to our revenue recognition, leases, goodwill, intangible and other long-lived assets, and income taxes. Management bases its estimates on historical experience, data available at the time the estimates are made and various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies and estimates are described in our Annual Report on Form 10-K for the year ended December 31, 2019.

Results of Operations

The following table sets forth our statement of operations as a percentage of total revenues for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Research	67.1%	68.6%	66.7%	65.0%
Consulting	31.9	30.0	31.4	29.2
Events	1.0	1.4	1.9	5.8
Total revenues	100.0	100.0	100.0	100.0
Operating expenses:				
Cost of services and fulfillment	42.5	41.4	40.6	43.4
Selling and marketing	38.9	38.3	37.0	37.8
General and administrative	11.5	12.5	10.9	11.8
Depreciation	2.3	2.0	2.3	1.9
Amortization of intangible assets	4.3	5.2	4.3	5.0
Acquisition and integration costs	0.3	2.1	1.2	2.4
Income (loss) from operations	0.2	(1.5)	3.7	(2.3)
Interest expense	(1.2)	(1.8)	(1.2)	(1.9)
Other income (expense), net	(0.3)	0.1	(0.1)	(0.1)
Gain (loss) on investments, net	—	—	0.7	—
Income (loss) before income taxes	(1.3)	(3.2)	3.1	(4.3)
Income tax expense (benefit)	2.2	(0.7)	0.8	—
Net income (loss)	(3.5%)	(2.5%)	2.3%	(4.3%)

Three and Nine Months Ended September 30, 2020 and 2019

Revenues

	Three Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2020	2019		
	(dollars in millions)			
Total revenues	$ 108.6	$ 108.6	—	—
Research revenues	$ 72.8	$ 74.5	$ (1.7)	(2%)
Consulting revenues	$ 34.6	$ 32.6	$ 2.0	6%
Events revenues	$ 1.2	$ 1.5	$ (0.3)	(20%)
Revenues attributable to customers outside of the U.S.	$ 22.4	$ 23.3	$ (0.9)	(4%)
Percentage of revenue attributable to customers outside of the U.S.	21%	21%	—	—
Number of events	2	3	(1)	(33%)

	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2019		Absolute Increase (Decrease)		Percentage Increase (Decrease)
	(dollars in millions)						
Total revenues	$	328.5	$	337.4	$	(8.9)	(3%)
Research revenues	$	219.2	$	219.4	$	(0.2)	—
Consulting revenues	$	103.0	$	98.4	$	4.6	5%
Events revenues	$	6.3	$	19.6	$	(13.3)	(68%)
Revenues attributable to customers outside of the U.S.	$	65.8	$	70.2	$	(4.4)	(6%)
Percentage of revenue attributable to customers outside of the U.S.		20%		21%		(1)	(5%)
Number of events		5		12		(7)	(58%)

Total revenues remained essentially consistent and decreased 3% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. This includes the fair value adjustment of pre-acquisition deferred revenue, which reduced revenues during the three and nine months ended September 30, 2019, favorably impacting the comparable periods in 2020 by 1% and 3%, respectively. Revenues from customers outside the U.S. decreased 4% and 6% during the three and nine months ended September 30, 2020, respectively, which was primarily due to a decrease in revenues in Canada and the United Kingdom.

Research revenues are recognized as revenue primarily on a ratable basis over the term of the contracts, which are generally twelve-month periods. Research revenues decreased 2% and remained essentially consistent during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. This includes the fair value adjustment of pre-acquisition deferred revenue, which reduced revenues during the three and nine months ended September 30, 2019, favorably impacting the comparable periods in 2020 by 2% and 4%, respectively. During the three and nine months ended September 30, 2020, the decrease in Research revenues, after adjusting for the deferred revenue fair value adjustment, was driven by reduced revenues for the Research, Connect, and Analytics products.

Consulting revenues increased 6% and 5% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods primarily due to growth in project consulting that was partially offset by slower growth in advisory services.

Events revenues decreased 20% and 68% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. This includes the fair value adjustment of pre-acquisition deferred revenue, which reduced revenues during the nine months ended September 30, 2019, favorably impacting the comparable period in 2020 by 13%. The decrease in Events revenues was due to lower sponsorship revenues in 2020 compared to the prior year period due primarily to the change to virtual events as a result of the COVID-19 pandemic, and, to a lesser extent, having seven fewer events during the 2020 period.

Refer to the “Segments Results” section below for a discussion of revenues and expenses by segment.

Cost of Services and Fulfillment

	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019		Absolute Increase (Decrease)		Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$	46.1	$	44.9	$	1.2	3%
Cost of services and fulfillment as a percentage of total revenues		42.5%		41.4%		1.1	3%
Service and fulfillment employees (at end of period)		794		763		31	4%

	Nine Months Ended September 30, 2020		Nine Months Ended September 30, 2019		Absolute Increase (Decrease)		Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$	133.4	$	146.6	$	(13.2)	(9%)
Cost of services and fulfillment as a percentage of total revenues		40.6%		43.4%		(2.8)	(6%)

Cost of services and fulfillment expenses increased 3% during the three months ended September 30, 2020 compared to the prior year period. The increase was primarily due to (1) a $2.9 million increase in compensation and benefits due to an increase in headcount, merit increases, and the reinstatement of some employee benefits during the third quarter that were previously suspended as a result of the impact of the COVID-19 pandemic, and (2) a $0.9 million increase in professional services costs primarily due to an increase in outsourced services related to revenue delivery and survey costs. These increases were partially offset by (1) a $1.8 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic, and (2) a $0.5 million decrease in event expenses due to switching our events to virtual delivery as a result of the COVID-19 pandemic, and one less event compared to the prior year period.

Cost of services and fulfillment expenses decreased 9% during the nine months ended September 30, 2020 compared to the prior year period. The decrease was primarily due to (1) an $8.3 million decrease in event expenses due to switching our events to virtual delivery as a result of the COVID-19 pandemic, as well as seven less events compared to the prior year period, (2) a $5.0 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic, (3) a $2.8 million decrease in compensation and benefit costs, resulting principally from a decrease in incentive bonuses and other related cost-reduction measures implemented as a result of the impact of the COVID-19 pandemic, partially offset by an increase in headcount and merit increases, and (4) a $0.3 million decrease in stock compensation expense. These decreases were partially offset by a $3.5 million increase in professional services costs primarily due to an increase in outsourced services related to revenue delivery, temporary contractors, survey costs, and product enhancements.

Selling and Marketing

	Three Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2020	2019		
Selling and marketing expenses (dollars in millions)	$ 42.2	$ 41.6	$ 0.6	1%
Selling and marketing expenses as a percentage of total revenues	38.9%	38.3%	0.6	2%
Selling and marketing employees (at end of period)	795	780	15	2%

	Nine Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2020	2019		
Selling and marketing expenses (dollars in millions)	$ 121.6	$ 127.7	$ (6.1)	(5%)
Selling and marketing expenses as a percentage of total revenues	37.0%	37.8%	(0.8)	(2%)

Selling and marketing expenses increased 1% during the three months ended September 30, 2020 compared to the prior year period. The increase was primarily due to a $3.0 million increase in compensation and benefit costs due to an increase in headcount, merit increases, commissions expense and the reinstatement of some employee benefits previously suspended as a result of the impact of the COVID-19 pandemic. This increase was partially offset by (1) a $1.6 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic, (2) a $0.5 million decrease in bad debt expense, and (3) a $0.2 million decrease in professional services costs.

Selling and marketing expenses decreased 5% during the nine months ended September 30, 2020 compared to the prior year period. The decrease was primarily due to (1) a $5.3 million decrease in travel and entertainment expenses due to reduced travel and other related cost reduction measures as a result of the COVID-19 pandemic, (2) a $0.5 million decrease in marketing and training costs as a result of moving our events to virtual delivery, and (3) a $0.4 million decrease in bad debt expense. These decreases were partially offset by a $0.3 million increase in compensation and benefit costs, resulting principally from an increase in headcount and merit increases as well as an increase in commissions expense, partially offset by a decrease in incentive bonuses and other related cost-reduction measures implemented as a result of the impact of the COVID-19 pandemic.

General and Administrative

	Three Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2020	2019		
General and administrative expenses (dollars in millions)	$ 12.5	$ 13.5	$ (1.0)	(7%)
General and administrative expenses as a percentage of total revenues	11.5%	12.5%	(1.0)	(8%)
General and administrative employees (at end of period)	234	242	(8)	(3%)

	Nine Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2020	2019		
General and administrative expenses (dollars in millions)	$ 35.9	$ 39.9	$ (4.0)	(10%)
General and administrative expenses as a percentage of total revenues	10.9%	11.8%	(0.9)	(8%)

General and administrative expenses decreased 7% during the three months ended September 30, 2020 compared to the prior year period. The decrease was primarily due to (1) a $0.6 million decrease in professional services costs mostly due to a decrease in consulting expenses, (2) a $0.2 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic, and (3) a $0.2 million decrease in stock compensation expense.

General and administrative expenses decreased 10% during the nine months ended September 30, 2020 compared to the prior year period. The decrease was primarily due to (1) a $2.5 million decrease in compensation and benefit costs, resulting principally from a decrease in incentive bonuses and other related cost-reduction measures implemented as a result of the impact of the COVID-19 pandemic, as well as a decrease in headcount, (2) a $0.5 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic, (3) a $0.5 million decrease in professional services costs mostly due to a decrease in consulting expenses, and (4) a $0.2 million decrease in stock compensation expense.

Depreciation

Depreciation expense increased by $0.4 million and $1.1 million during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods due primarily to additional leasehold improvements being put into service.

Amortization of Intangible Assets

Amortization expense decreased by $0.9 million and $2.8 million during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods due to certain technology intangible assets becoming fully amortized.

Acquisition and Integration Costs

We did not have any acquisitions in 2020 and had one acquisition, SiriusDecisions, at the beginning of 2019. Acquisition and integration costs consist of direct and incremental costs to acquire and integrate acquired companies and primarily consist of certain fair value adjustments, consulting, severance, accounting and tax professional fees, and lease expense for unused facilities.

Acquisition and integration costs decreased by $2.1 million during the three months ended September 30, 2020 compared to the prior year period primarily due to a decrease in professional service fees and severance, partially offset by an increase related to the benefit of recording deferred commissions for SiriusDecisions in the year of the acquisition.

Acquisition and integration costs decreased by $4.0 million during the nine months ended September 30, 2020 compared to the prior year period primarily due to (1) a $4.8 million decrease in professional service fees and transaction costs, (2) a $2.3 million decrease in severance, and (3) a $0.7 million decrease in marketing and insurance costs. These decreases were partially offset by (1) a $2.3 million increase related to the benefit of recording deferred commissions for SiriusDecisions in the year of the acquisition, and (2) a $1.9 million ROU asset impairment recognized in the 2020 period.

We expect to incur integration costs in a range of $4.5 million to $5.0 million for the year ending December 31, 2020.

Interest Expense

Interest expense consists of interest on our borrowings used to finance the previous acquisition of SiriusDecisions and realized gains (losses) on the related interest rate swap. Interest expense decreased by $0.6 million and $2.2 million during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. These decreases were due to lower average outstanding borrowings and lower effective interest rates.

Other Income (Expense), Net

Other income (expense), net primarily consists of gains (losses) on foreign currency, gains (losses) on foreign currency forward contracts, and interest income. The decrease in other income (expense), net of $0.4 million during the three months ended September 30, 2020 compared to the prior year period was primarily due to an increase in foreign currency losses. The increase in other income (expense), net of $0.1 million during the nine months ended September 30, 2020 compared to the prior year period was primarily due to a decrease in foreign currency losses.

Gain (Loss) on Investments, Net

Gain (loss) on investments, net primarily represents our share of equity method investment gains and losses from our technology-related investment funds. Gain (loss) on investments, net remained essentially consistent during the three months ended September 30, 2020 compared to the prior year period. Gain (loss) on investments, net increased by $2.4 million during the nine months ended September 30, 2020 compared to the prior year period due to an increase in investment gains generated by the underlying funds.

Income Tax Expense

	Three Months Ended September 30, 2020	2019	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	$ 2.4	$ (0.7)	$ 3.1	443%
Effective tax rate	(176.7%)	21.4%	(198.1)	(926%)

	Nine Months Ended September 30, 2020	2019	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	$ 2.7	$ (0.1)	$ 2.8	2,800%
Effective tax rate	26.0%	0.5%	25.5	5,100%

Income tax expense increased by $2.8 million during the nine months ended September 30, 2020 compared to the prior year period primarily due to the increase in overall U.S. profitability. For the full year 2020, we anticipate that our effective tax rate will be approximately 25%.

Segment Results

As described in the Form 8-K filed on April 2, 2020, our Chief Product Officer resigned effective April 17, 2020. Subsequently, the Chief Product Officer position was eliminated and we reorganized our operations to reflect three lines of business: Research, Consulting, and Events. As a result of these changes, during the three months ended June 30, 2020, we realigned our internal reporting into Research, Consulting, and Events. The realignment eliminated the Products segment as the product lines and organizations supporting the related revenues began operating under separate management structures. The prior period amounts have been revised to conform to the current presentation.

The Research segment includes the revenues of the Research, Connect and Analytics products and the cost of the organizations responsible for developing and delivering our Research, Connect and Analytics products. In addition, this segment includes Consulting revenues from the delivery of advisory services (such as workshops, speeches and advisory days) delivered by our research and analytics analysts. The costs of the product management organization that is responsible for product pricing and packaging and the launch of new products is included in this segment.

The Consulting segment includes the revenues and the related costs of our project consulting organization. The project consulting organization delivers a majority of our project consulting revenue and certain advisory services.

The Events segment includes the revenues and the costs of the organization responsible for developing and hosting in-person and virtual events.

We evaluate reportable segment performance and allocate resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, interest and other expense, and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	Research	Consulting	Events	Consolidated
	(dollars in thousands)			
Three Months Ended September 30, 2020				
Research revenues				
Research	$ 54,107	$ —	$ —	$ 54,107
Connect	13,710	—	—	13,710
Analytics	4,996	—	—	4,996
Total research revenues	72,813	—	—	72,813
Consulting	13,372	21,261	—	34,633
Events	—	—	1,131	1,131
Total segment revenues	86,185	21,261	1,131	108,577
Segment expenses	(28,645)	(9,646)	(1,284)	(39,575)
Year over year revenue change	(2%)	10%	(21%)	—
Year over year expense change	—	4%	(26%)	—

	Research	Consulting	Events	Consolidated
	(dollars in thousands)			
Three Months Ended September 30, 2019				
Research revenues				
Research	$ 55,022	$ —	$ —	$ 55,022
Connect	14,257	—	—	14,257
Analytics	5,269	—	—	5,269
Total research revenues	74,548	—	—	74,548
Consulting	13,357	19,262	—	32,619
Events	—	—	1,429	1,429
Total segment revenues	87,905	19,262	1,429	108,596
Segment expenses	(28,632)	(9,299)	(1,733)	(39,664)

	Research	Consulting	Events	Consolidated
	(dollars in thousands)			
Nine Months Ended September 30, 2020				
Research revenues				
Research	$ 163,071	$ —	$ —	$ 163,071
Connect	40,677	—	—	40,677
Analytics	15,482	—	—	15,482
Total research revenues	219,230	—	—	219,230
Consulting	40,749	62,231	—	102,980
Events	—	—	6,253	6,253
Total segment revenues	259,979	62,231	6,253	328,463
Segment expenses	(81,979)	(29,766)	(5,167)	(116,912)
Year over year revenue change	(1%)	12%	(68%)	(3%)
Year over year expense change	(9%)	6%	(61%)	(11%)

	Research	Consulting	Events	Consolidated
	(dollars in thousands)			
Nine Months Ended September 30, 2019				
Research revenues				
Research	$ 161,107	$ —	$ —	$ 161,107
Connect	41,895	—	—	41,895
Analytics	16,434	—	—	16,434
Total research revenues	219,436	—	—	219,436
Consulting	42,768	55,654	—	98,422
Events	—	—	19,570	19,570
Total segment revenues	262,204	55,654	19,570	337,428
Segment expenses	(89,780)	(28,207)	(13,398)	(131,385)

Research segment revenues decreased 2% and 1% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. This includes the fair value adjustment of pre-acquisition deferred revenue, which reduced revenues during the three and nine months ended September 30, 2019, favorably impacting the comparable periods in 2020 by 2% and 3%, respectively. The decrease in segment revenues during the three months ended September 30, 2020, after adjusting for the deferred revenue fair value adjustment, was due to (1) a decrease in Research product line revenues due to a decrease in our subscription revenues that was partially offset by an increase in reprint product revenues, and (2) a decrease in Connect product revenues due primarily to a decrease in the leadership board product that was partially offset by an increase in the learning and executive programs products. The decrease in segment revenues during the nine months ended September 30, 2020, after adjusting for the deferred revenue fair value adjustment, was due to (1) a decrease in Research product line revenues due to a decrease in our subscription revenues that was partially offset by an increase in reprint product revenues, (2) a decrease in Connect product revenues due primarily to a decrease in the leadership board product that was partially offset by an increase in the learning and executive programs products, (3) a decrease in our Analytics products, and (4) a decrease in Consulting product revenues due to a decrease in advisory delivery during the period.

Research segment expenses remained essentially consistent and decreased 9% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. The decrease in expenses during the nine months ended September 30, 2020 was primarily due to (1) a $4.6 million decrease in compensation and benefit costs resulting principally from a decrease in incentive bonuses and other related cost-reduction measures implemented as a result of the impact of the COVID-19 pandemic, partially offset by an increase in headcount and merit increases, and (2) a $3.2 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic.

Consulting segment revenues increased 10% and 12% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods driven by strong demand for consulting services.

Consulting segment expenses increased 4% and 6% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. The increase in expenses during the three months ended September 30, 2020 was primarily due to (1) a $0.7 million increase in professional services primarily due to an increase in outsourced services related to revenue delivery and an increase in survey costs, which was partially offset by a $0.4 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic. The increase in expenses during the nine months ended September 30, 2020 was primarily due to (1) a $2.2 million increase in professional services primarily due to an increase in outsourced services related to revenue delivery and an increase in survey costs, temporary contractors, and product enhancements, (2) a $0.5 million increase in compensation and benefit costs due to an increase in headcount and merit increases, partially offset by a decrease in incentive bonuses due to the cost-reduction measures implemented as a result of the impact of the COVID-19 pandemic, and (3) a $1.0 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic.

Event segment revenues decreased 21% and 68% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. This includes the fair value adjustment of pre-acquisition deferred revenue, which reduced revenues during the nine months ended September 30, 2019, favorably impacting the comparable period in 2020 by 13%. The decrease in Events revenues was due to lower sponsorship revenues in 2020 compared to the prior year due primarily to the change to virtual events as a result of the COVID-19 pandemic, and, to a lesser extent, having seven fewer events during the 2020 period.

Event segment expenses decreased 26% and 61% during the three and nine months ended September 30, 2020, respectively, compared to the prior year periods. The decrease in expenses during the three months ended September 30, 2020 was primarily due to a $0.4 million decrease in event expenses due primarily to the change to virtual events as a result of the COVID-19 pandemic, and, to a lesser extent, having one fewer event during the 2020 period. The decrease in expenses during the nine months ended September 30, 2020 was primarily due to (1) a $7.9 million decrease in event expenses due primarily to the change to virtual events as a result of the COVID-19 pandemic, and, to a lesser extent, having seven fewer events during the 2020 period, and (2) a $0.3 million decrease in travel and entertainment expenses due to reduced travel as a result of the COVID-19 pandemic.

Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Research revenues, which constituted approximately 67% of our revenues during the nine months ended September 30, 2020, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of $29.2 million and $45.6 million during the nine months ended September 30, 2020 and 2019, respectively. The $16.4 million decrease in cash provided from operations for the nine months ended September 30, 2020 was primarily due to a $33.2 million reduction in cash generated from accounts receivable and deferred revenue due to a reduction in contract bookings for the period, partially offset by the combination of an increase in net income for the period with an increase in cash used for working capital.

During the nine months ended September 30, 2020, we used cash in investing activities of $2.9 million primarily for $7.3 million of purchases of property and equipment, primarily consisting of software and leasehold improvements. This was partially offset by a $4.3 million distribution received from an equity method investment. During the nine months ended September 30, 2019, we used cash in investing activities of $246.0 million, consisting primarily of $237.7 million for the acquisition of SiriusDecisions, net of cash acquired, and $8.4 million in purchases of property and equipment, consisting primarily of software and leasehold improvements.

We used $21.5 million of cash from financing activities during the nine months ended September 30, 2020 primarily due to $21.0 million of repayments of debt that consisted of $14.0 million of discretionary payments on our revolving credit facility and $7.0 million of required repayments of our term loan. We generated $130.3 million of cash in financing activities during the nine months ended September 30, 2019 primarily due to $171.3 million of borrowings, which reflects the face value of debt of $175.0 million less $3.7 million that was netted against the proceeds to pay debt issuance costs. This was partially offset by $40.7 million of repayments of debt that consisted of $36.0 million of discretionary payments on our revolving credit facility and $4.7 million of required repayments of our term loan. During the remainder of 2020, we anticipate paying approximately $2.7 million of deferred acquisition purchase price for a contingent consideration agreement (refer to Note 8 – *Fair Value Measurements* in the Notes to Consolidated Financial Statements).

In connection with the acquisition of SiriusDecisions, we entered into a $200.0 million credit agreement on January 3, 2019 (the "Credit Agreement"). The Credit Agreement provides for: (1) senior secured term loans in an aggregate principal amount of $125.0 million (the "*Term Loans*") and (2) a senior secured revolving credit facility in an aggregate principal amount of $75.0 million (the "*Revolving Credit Facility*"). We utilized the full $125.0 million of the Term Loans and $50.0 million of the Revolving Credit Facility to finance a portion of the acquisition of SiriusDecisions and to pay certain fees, costs and expenses incurred in connection with the Term Loans and Revolving Credit Facility. Additional information is provided in Note 4 – *Debt* in the Notes to Consolidated Financial Statements.

Borrowings under the Credit Agreement can be repaid early, in part or in whole, at any time and from time to time, without premium or penalty, other than customary breakage reimbursement requirements for the London Interbank Offering Rate ("*LIBOR*") based loans. The Term Loans must be prepaid with net cash proceeds of (i) certain debt incurred or issued by us and our restricted subsidiaries and (ii) certain asset sales and condemnation or casualty events, subject to certain reinvestment rights.

Amounts borrowed under the Credit Agreement bear interest, at our option, at a rate per annum equal to either (i) LIBOR for the applicable interest period plus a margin that is between 1.75% and 2.50% based on our consolidated total leverage ratio or (ii) the alternate base rate plus a margin that is between 0.75% and 1.50% based on our consolidated total leverage ratio. In addition, we will pay a commitment fee that is between 0.25% and 0.35% per annum, based on our consolidated total leverage ratio, on the average daily unused portion of the Revolving Credit Facility, payable quarterly, in arrears. During 2019, we entered into an interest rate swap contract to effectively convert the floating base interest rate to a fixed rate on a majority of the outstanding Term Loan principal balance. Additional information is provided in Note 7 – *Derivatives and Hedging* in the Notes to the Consolidated Financial Statements.

The Credit Agreement contains certain customary restrictive loan covenants, including among others, financial covenants that apply a maximum leverage ratio and minimum fixed charge coverage ratio. The negative covenants limit, subject to various exceptions, our ability to incur additional indebtedness, create liens on assets, merge, consolidate, liquidate or dissolve any part of Forrester, sell assets, pay dividends or other payments in respect to capital stock, change fiscal year, or enter into certain transactions with affiliates and subsidiaries. The Credit Agreement also contains customary events of default, representations, and warranties.

As of September 30, 2020, we were in compliance with our financial covenants under the Credit Agreement. We currently forecast that we will be in compliance with our financial covenants for at least one year from the issuance of these interim financial statements, after taking into consideration the cost cutting measures implemented during the first half of the year. If the impact of COVID-19 is more severe than currently forecasted this may impact our ability to comply with our financial covenants which could have a material adverse effect on our business.

As of September 30, 2020, we had cash and cash equivalents of $73.0 million. This balance includes $57.9 million held outside of the U.S. If the cash outside of the U.S. is needed for operations in the U.S., we would be required to accrue and pay U.S. state taxes and may be required to pay withholding taxes to foreign jurisdictions to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate these funds for our U.S. operations. We believe that our current cash balance and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for the next twelve months.

Contractual Obligations

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 included a material change to the operating lease payments and purchase commitment lines of the contractual obligations table as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019. As of March 31, 2020, we had the following updated contractual obligations (in thousands):

Contractual Obligations	Total	2020	2021	2022	2023	2024	Thereafter
Operating lease payments (1)	$ 104,638	$ 7,872	$ 15,957	$ 15,988	$ 15,485	$ 15,130	$ 34,206
Purchase commitments (2)	8,372	6,632	870	870	—	—	—
	$ 113,010	$ 14,504	$ 16,827	$ 16,858	$ 15,485	$ 15,130	$ 34,206

(1) We primarily lease office space under non-cancellable operating lease agreements. During the three months ended March 31, 2020, we entered into several operating leases that commenced later in 2020. These leases require us to make $17.2 million of lease payments over the terms of the leases, which are up to ten years. This additional amount is reflected in the table above.

(2) Purchase commitments principally consist of contractual commitments for software, outsourced research services and Event venues. Due to the impact of COVID-19, we moved our two flagship events during the second quarter, the SiriusDecisions Summit and CX North America, to a virtual format, and we cancelled two smaller everts originally scheduled to take place during the same period. As a result of these changes, during the three months ended March 31, 2020 we were able to cancel contracts for event venues, reducing our previously disclosed purchase commitments amounts by a total of $2.1 million.

Other than as noted above, the Contractual Obligations section in our Annual Report on Form 10-K for the year ended December 31, 2019 remains current in all material respects.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet financing arrangements.

Recent Accounting Pronouncements

Refer to Note 1 – *Interim Consolidated Financial Statements* in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our assessment of our sensitivity to market risk since our presentation set forth in Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined under Securities Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. Based upon their evaluation and subject to the foregoing, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance as of that date.

Changes in Internal Control Over Financial Reporting

Except as noted below, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) of the Exchange Act) that occurred during the quarter ended September 30, 2020, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. In response to COVID-19, we have undertaken measures to protect our employees, partners, and clients, including encouraging employees to work remotely. These changes have compelled us to modify some of our control procedures. However, these changes have so far not been material.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and civil and regulatory claims that arise in the ordinary course of our business activities. Regardless of the outcome, litigation can have a material adverse effect on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A: Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, which could materially affect our business, financial condition or future results. The risk factors described in our Annual Report on Form 10-K remain applicable to our business. In addition, we are updating the risk factor included in our Annual Report on Form 10-K for the year ended December 31, 2019 and our Quarterly Reports on Form 10-Q for each of the quarters ended March 31, 2020 and June 30, 2020, titled "*We Face Risks Related to Health Epidemics That Could Adversely Impact Our Business*" as follows:

We Face Risks Related to Health Epidemics That Could Adversely Impact Our Business. Our business has been and could continue to be adversely affected by the effects of a widespread outbreak of contagious disease, including the outbreak of respiratory illness caused by a novel coronavirus first identified in Wuhan, Hubei Province, China, or COVID-19. Any outbreak of contagious diseases, and other adverse public health developments, could have a material and adverse effect on our business operations. This could include disruptions or restrictions on the ability of our employees or our customers to travel and a slowdown in the global economy, which could adversely affect our ability to sell or fulfill, and a reduction in demand for, our products, services or events. Any disruption or delay of our customers or third-party service providers would likely impact our operating results. The COVID-19 pandemic has significantly affected our business beginning in March 2020 primarily through lower contract bookings and a reduction in revenues from the conversion of our Events from in-person events to virtual events. We typically generate a significant portion of our Events revenues in the second quarter of the year, including revenues from our two flagship events, the SiriusDecisions Summit and CX North America, both of which were held as virtual events, resulting in significant reduction in revenues and profits from these two events. We held our Events during the third quarter as virtual events and also plan to hold our Events for the remainder of 2020 as virtual events. While the duration and severity of this pandemic is uncertain, the Company currently expects the reduction in its subscription Research, Connect and Analytics revenues to continue during the fourth quarter of 2020 due to reduced customer contract booking activity that began in March and continued into the third quarter of 2020. The extent to which the COVID-19 pandemic ultimately impacts our business, financial condition, results of operations, cash flows, and liquidity may differ from our current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

We have implemented several cost-reduction measures that include reductions to travel, new hiring, and employee incentive compensation programs. We will continue to proactively respond to the situation and may take further actions that alter our business operations as may be required by governmental authorities, or that we determine are in the best interests of our employees and customers.

As of September 30, 2020, we were in compliance with our financial covenants under our Credit Agreement (refer to Note 4 – *Debt* in the Notes to Consolidated Financial Statements). We currently forecast that we will be in compliance with our financial covenants for at least one year from the issuance of these interim financial statements, after taking into consideration the measures noted above. If the impact of COVID-19 is more severe than currently forecasted this may impact our ability to comply with our financial covenants which could have a material adverse effect on us.

The risks described in our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Reports on Form 10-Q for each of the quarters ended March 31, 2020 and June 30, 2020, and the updated risks within this Form 10-Q are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Through September 30, 2020, our Board of Directors authorized an aggregate $535.0 million to purchase common stock under our stock repurchase program. During the quarter ended September 30, 2020, we did not purchase any shares of our common stock under the stock repurchase program. As previously disclosed, subsequent to our acquisition of SiriusDecisions we anticipate continuing to substantially reduce or eliminate repurchases of our common stock during 2020.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

3.1	Restated Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Registration Statement on Form S-1A filed on November 5, 1996)
3.2	Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc. (see Exhibit 3.1 to Annual Report on Form 10-K for the year ended December 31, 1999)
3.3	Certificate of Amendment to Restated Certificate of Incorporation of Forrester Research, Inc.
3.4	Amended and Restated By-Laws of Forrester Research, Inc.
4.1	Specimen Certificate for shares of Common Stock, $.01 par value, of Forrester Research, Inc. (see Exhibit 4 to Registration Statement on Form S-1A filed on November 5, 1996)
31.1	Certification of the Principal Executive Officer. (filed herewith)
31.2	Certification of the Principal Financial Officer. (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document. (filed herewith)
101.SCH	Inline XBRL Taxonomy Extension Schema Document. (filed herewith)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. (filed herewith)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. (filed herewith)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. (filed herewith)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. (filed herewith)
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document). (filed herewith)

SIGNATURES

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 thereunto duly authorized.

FORRESTER RESEARCH, INC.

By: /s/ Michael A. Doyle

Michael A. Doyle
Chief Financial Officer
(Principal financial officer)

Date: November 6, 2020

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, George F. Colony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ GEORGE F. COLONY
George F. Colony
Chairman of the Board and Chief Executive Officer
(Principal executive officer)

Date: November 6, 2020

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael A. Doyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. DOYLE

Michael A. Doyle
Chief Financial Officer
(Principal financial officer)

Date: November 6, 2020

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George F. Colony
George F. Colony
Chairman of the Board and Chief Executive Officer

Dated: November 6, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Forrester Research, Inc. (the “Company”), does hereby certify that to the undersigned’s knowledge:

1) the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission (the “10-Q Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL A. DOYLE
Michael A. Doyle
Chief Financial Officer

Dated: November 6, 2020