

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 June 30, 1997

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)

1033 Massachusetts Avenue  
Cambridge, Massachusetts  
(Address of principal executive offices)

02138  
(Zip Code)

Registrant's telephone number, including area code: (617) 497-7090

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

As of August 8, 1997, 8,351,045 shares of the registrant's common stock were outstanding.

## FORRESTER RESEARCH, INC.

## INDEX TO FORM 10-Q

	Page
	-----
PART I. FINANCIAL INFORMATION	
ITEM 1. Financial Statements	3
Consolidated Balance Sheets at June 30, 1997 and December 31, 1996	3
Consolidated Statements of Income for the Three and Six Months Ended June 30, 1997 and 1996	4
Consolidated Statements of Cash Flows for the Six Months Ended June 30, 1997 and 1996	5
Notes to Consolidated Financial Statements	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
PART II. OTHER INFORMATION	11
ITEM 1. Legal Proceedings	11
ITEM 2. Changes in Securities	11
ITEM 3. Defaults Upon Senior Securities	11
ITEM 4. Submission of Matters to a Vote of Security-Holders	11
ITEM 5. Other Information	11
ITEM 6. Exhibits and Reports on Form 8-K	11
EXHIBITS Statement Regarding Computation of Per Share Earnings	13

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data)

ASSETS	JUNE 30, 1997	DECEMBER 31, 1996
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,782	\$34,382
Marketable securities	46,114	10,258
Accounts receivable, net	9,293	8,100
Deferred commissions	1,051	1,341
Prepaid expenses and other current assets	868	230
	-----	-----
Total current assets	59,108	54,311
	-----	-----
Property and equipment, net	3,203	2,471
	-----	-----
Total assets	\$62,311	\$56,782
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,140	\$ 1,200
Customer deposits	214	139
Accrued expenses	3,150	3,201
Accrued income taxes	75	227
Deferred revenue	21,354	17,816
Deferred income taxes	276	437
	-----	-----
Total current liabilities	26,209	23,020
	-----	-----
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value		
Authorized--500,000 shares		
Issued and outstanding--none	-	-
Common stock, \$.01 par value		
Authorized--25,000,000 shares		
Issued and outstanding--8,329,498 shares and 8,300,000		
shares at June 30, 1997 and December 31, 1996, respectively	83	83
Additional paid-in capital	33,388	33,211
Retained earnings	2,643	410
Unrealized (loss) gain on marketable securities	(12)	58
	-----	-----
Total stockholders' equity	36,102	33,762
	-----	-----
Total liabilities and stockholders' equity	\$62,311	\$56,782
	=====	=====

See accompanying notes.

## FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share data)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	1997	1996	1997	1996
REVENUES:				
Core research	\$7,121	\$4,128	\$13,299	\$ 7,774
Advisory services and other	2,005	1,188	3,998	2,288
	-----	-----	-----	-----
Total revenues	9,126	5,316	17,297	10,062
	-----	-----	-----	-----
OPERATING EXPENSES:				
Cost of services and fulfillment	3,081	2,010	5,998	3,746
Selling and marketing	3,298	2,104	6,426	3,945
General and administrative	1,014	516	1,835	1,134
Depreciation and amortization	272	120	505	212
	-----	-----	-----	-----
Total operating expenses	7,665	4,750	14,764	9,037
	-----	-----	-----	-----
Income from operations	1,461	566	2,533	1,025
INTEREST INCOME, NET	583	121	1,227	231
	-----	-----	-----	-----
Income before income tax provision	2,044	687	3,760	1,256
INCOME TAX PROVISION	829	35	1,527	65
	-----	-----	-----	-----
Net income	\$1,215	\$ 652	\$ 2,233	\$ 1,191
	=====	=====	=====	=====
PRO FORMA INCOME TAX ADJUSTMENT (Note 2)		243		443
		-----		-----
PRO FORMA NET INCOME (Note 2)		\$ 409		\$ 748
		=====		=====
NET INCOME PER COMMON SHARE	\$ .14	\$ .07	\$ .25	\$ .12
	=====	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	8,809	6,293	8,804	6,293
	=====	=====	=====	=====

See accompanying notes.

## FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)

	SIX MONTHS ENDED JUNE 30,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,233	\$ 1,191
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	505	212
Deferred income taxes	(160)	-
Accretion of discount on marketable securities	(325)	(109)
Unrealized loss on available-for-sale securities	(71)	(63)
Changes in assets and liabilities-		
Accounts receivable	(1,193)	(1,249)
Deferred commissions	290	(225)
Prepaid expenses and other current assets	(638)	(156)
Accounts payable	(61)	260
Customer deposits	75	38
Accrued expenses	(51)	189
Accrued income taxes	(151)	-
Deferred revenue	3,538	3,005
	-----	-----
Net cash provided by operating activities	3,991	3,093
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,237)	(1,078)
Purchase of marketable securities	(120,371)	(5,319)
Proceeds from sales and maturities of marketable securities	84,840	3,156
	-----	-----
Net cash used in investing activities	(36,768)	(3,241)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions to stockholder	-	(135)
Net proceeds of stock options exercised	177	-
	-----	-----
Net cash provided by (used in) financing activities	177	(135)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(32,600)	(283)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	34,382	998
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,782	\$ 715
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	\$ 1,839	\$ 80
	=====	=====

See accompanying notes.

## FORRESTER RESEARCH, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## Note 1 -- Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. Accordingly, certain information and footnote disclosure required for complete financial statements are not included herein. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes of Forrester Research, Inc. (the "Company") as reported in the Company's Annual Report on Form 10-K for the year ended December 31, 1996. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations, and cash flows at the dates and for the periods presented have been included. The consolidated balance sheet presented as of December 31, 1996 has been derived from the consolidated financial statements that have been audited by the Company's independent public accountants. The results of operations for the three and six months ended June 30, 1997 may not be indicative of the results that may be expected for the year ended December 31, 1997, or any other period.

## Note 2 -- Pro Forma Income Tax Adjustment and Pro Forma Net Income

The Company was an S corporation under section 1362 of the Internal Revenue Code of 1986, as amended, until prior to the closing of its initial public offering. As an S corporation, the taxable income of the Company was passed through to the sole stockholder and was reported on his individual federal and state income tax returns. The Company is now taxed as a C corporation and accordingly is subject to federal and state income taxes at prevailing corporate rates. The statements of income for the three-and six-month periods ended June 30, 1996 include a pro forma income tax adjustment to reflect an estimate of the income taxes that would have been recorded if the Company had been a C corporation for those periods. The Company has calculated this amount based on the statutory tax rate for 1996.

## Note 3 -- Recent Accounting Pronouncement

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share. This statement established standards for computing and presenting earnings per share and applies to entities with publicly traded common stock or potential common stock. SFAS No. 128 is effective for periods ending after December 15, 1997 and early adoption is not permitted. When adopted, the statement will require restatement of prior years' earnings per share. The Company will adopt this statement for its quarter and year ended December 31, 1997. Assuming that SFAS No. 128 had been implemented, basic earnings per share and diluted earnings per share would not have materially differed from the net income per share disclosed in the Consolidated Statements of Income.

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. These statements are based on the Company's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by forward-looking statements include, among others, the need to attract and retain professional staff, management of growth, variability of quarterly operating results, possible volatility of stock price, dependence on renewals of membership-based research services, dependence on key personnel, risks associated with anticipating market trends, new products and services, and competition. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forrester Research, Inc. ("Forrester" or the "Company") is a leading independent research firm offering products and services that help its clients assess the effect of technology on their businesses. The Company provides analysis and insight into a broad range of technology areas such as computing, software, networking, the Internet, and telecommunications, and projects how technology trends will impact businesses, consumers, and society. Forrester's clients, which include senior management, business strategists, and information technology ("IT") and marketing professionals within large enterprises, use Forrester's prescriptive research to understand and benefit from current developments in technology and as support for their development and implementation decisions.

Forrester offers its clients annual memberships to any of its 11 Strategy Research Services. Memberships are renewable contracts, typically annual and payable in advance. Accordingly, a substantial portion of the Company's billings are initially recorded as deferred revenue and recognized pro rata on a monthly basis over the contract period. The Company's other revenues are derived from advisory services rendered pursuant to Forrester's Partners Program and Strategy Review Program and from Forrester Technology Management Forums ("Forums"). The Company's advisory service clients purchase such services in conjunction with the purchase of core research memberships to Strategy Research Services, and the contracts for such purchases are also generally payable in advance. Billings attributable to advisory services are initially recorded as deferred revenues and recognized as revenue when performed. Similarly, Forum billings are initially recorded as deferred revenues and are recognized upon completion of each event.

The Company's operating expenses consist of cost of services and fulfillment, selling and marketing expenses, general and administrative expenses, and depreciation and amortization. Cost of services and fulfillment represent the costs associated with production and delivery of the Company's products and services, and include the costs of salaries, bonuses, and related benefits for research personnel, and all associated editorial, travel, and support services. Selling and marketing expenses include salaries, employee benefits, travel expenses, promotional costs, sales commissions, and other costs incurred in marketing and selling the Company's products and services. General and administrative expenses include the costs of the finance, operations, and corporate IT groups, and other administrative functions of the Company.

The Company believes that the "agreement value" of contracts to purchase core research and advisory services provides a significant measure of the Company's business volume. Forrester calculates agreement value as the annualized fees payable under all core research and advisory service contracts in effect at a given point in time, without regard to the remaining duration of such contracts. Agreement value increased 23% to \$36.8 million at June 30, 1997 from \$30.0 million at December 31, 1996. No single client company accounted for more than 3% of agreement value at June 30, 1997. The Company's experience is that a substantial portion of client companies renew expiring contracts for an equal or higher

level of total core research and advisory service fees each year. Approximately 75% of Forrester's client companies with memberships expiring during the six months ended June 30, 1997 renewed one or more memberships for the Company's products and services. This renewal rate is not necessarily indicative of the rate of future retention of the Company's revenue base.

#### RESULTS OF OPERATIONS

The following table sets forth certain financial data as a percentage of total revenues for the periods indicated:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
Core research	78%	78%	77%	77%
Advisory services and other	22	22	23	23
	---	---	---	---
Total revenues	100	100	100	100
	---	---	---	---
Cost of services and fulfillment	34	37	35	37
Selling and marketing	36	40	37	39
General and administrative	11	10	10	11
Depreciation and amortization	3	2	3	2
	---	---	---	---
Income from operations	16	11	15	11
Interest income	6	2	7	2
	---	---	---	---
Income before income tax provision	22	13	22	13
Provision for income taxes	9	1	9	1
	---	---	---	---
Net income	13%	12%	13%	12%
	===	===	===	===
Pro forma income tax adjustment		4		5
		---		---
Pro forma net income		8%		7%
		===		===

#### THREE MONTHS ENDED JUNE 30, 1997 AND 1996

**REVENUES.** Total revenues increased 72% to \$9.1 million in the three months ended June 30, 1997 from \$5.3 million in the three months ended June 30, 1996. Revenues from core research increased 73% to \$7.1 million in the three months ended June 30, 1997 from \$4.1 million in the three months ended June 30, 1996. Increases in total revenues and revenues from core research were primarily attributable to an increase in the number of client companies to 927 at June 30, 1997 from 885 at June 30, 1996, further penetration of existing clients, and the introduction of five new Strategy Research Services since January 1, 1996. No single client company accounted for more than 3% of revenues for the three months ended June 30, 1997.

Advisory services and other revenues increased 69% to \$2.0 million in the three months ended June 30, 1997 from \$1.2 million in the three months ended June 30, 1996. This increase was primarily attributable to demand for the Partners and Strategy Review Programs and the addition of a new Forum held in May 1997.

Revenues attributable to customers outside the United States increased 101% to \$2.2 million in the three months ended June 30, 1997 from \$1.1 million in the three months ended June 30, 1996, and increased as a percentage of total revenues to 24% for the three months ended June 30, 1997 from 21% for



the three months ended June 30, 1996. The increase in revenues was due primarily to the addition of direct international sales personnel. The Company invoices its international clients in U.S. dollars.

**COST OF SERVICES AND FULFILLMENT.** Cost of services and fulfillment decreased as a percentage of total revenues to 34% in the three months ended June 30, 1997 from 37% in the three months ended June 30, 1996. These expenses increased 53% to \$3.1 million in the three months ended June 30, 1997 from \$2.0 million in the three months ended June 30, 1996. The expense increase in this period was principally due to increased analyst staffing for Strategy Research Services and related compensation expense. The decrease as a percentage of total revenues was principally due to the Company's increased leverage of its core research.

**SELLING AND MARKETING.** Selling and marketing expenses decreased as a percentage of total revenues to 36% in the three months ended June 30, 1997 from 40% in the three months ended June 30, 1996. These expenses increased 57% to \$3.3 million in the three months ended June 30, 1997 from \$2.1 million in the three months ended June 30, 1996. The increase in expenses was principally due to the addition of direct salespersons and increased sales commission expense associated with increased revenues. The decrease as a percentage of total revenues was principally due to increased productivity of the Company's sales force.

**GENERAL AND ADMINISTRATIVE.** General and administrative expenses increased as a percentage of total revenues to 11% in the three months ended June 30, 1997 from 10% in the three months ended June 30, 1996. These expenses increased 97% to \$1.0 million in the three months ended June 30, 1997 from \$515,696 in the three months ended June 30, 1996. The increase in expenses and increase in expense as a percentage of total revenue was principally due to staffing increases in operations, finance, and IT.

**DEPRECIATION AND AMORTIZATION.** Depreciation and amortization expense increased 127% to \$272,197 in the three months ended June 30, 1997 from \$120,058 in the three months ended June 30, 1996. The increase in this expense was principally due to purchases of computer equipment, software, and office furnishings, and leasehold improvements to support business growth.

**INTEREST INCOME.** Interest income increased to \$583,000 in the three months ended June 30, 1997 from \$121,000 in the three months ended June 30, 1996. This increase was principally due to an increase in the Company's cash and marketable security balances resulting from positive cash flows from operations and net proceeds from the Company's initial public offering.

**PROVISION FOR INCOME TAXES.** During the three months ended June 30, 1997, the Company recorded a tax provision of \$829,000, reflecting an effective tax rate of 40.5%. During the three months ended June 30, 1996, the Company recorded a pro forma tax provision of \$278,000, reflecting an effective tax rate of 40.5%.

#### SIX MONTHS ENDED JUNE 30, 1997 AND 1996

**REVENUES.** Total revenues increased 72% to \$17.3 million in the six months ended June 30, 1997 from \$10.1 million in the six months ended June 30, 1996. Revenues from core research increased 71% to \$13.3 million in the six months ended June 30, 1997 from \$7.8 million in the six months ended June 30, 1996. Increases in total revenues and revenues from core research were primarily attributable to an increase in the number of client companies to 927 at June 30, 1997 from 885 at June 30, 1996, further penetration of existing clients, and the introduction of five new Strategy Research Services since January 1, 1996. No single client company accounted for more than 3% of revenues for the six months ended June 30, 1997.

Advisory services and other revenues increased 75% to \$4.0 million in the six months ended June 30, 1997 from \$2.3 million in the six months ended June 30, 1996. This increase was primarily attributable to demand for the Partners and Strategy Review Programs and the addition of new Forums held in March and May 1997.

Revenues attributable to customers outside the United States increased 89% to \$4.0 million in the six months ended June 30, 1997 from \$2.1 million in the six months ended June 30, 1996 and increased as a percentage of total revenues to 22% for the six months ended June 30, 1997 from 21% for the six months ended June 30, 1996. The increase in revenues was due primarily to the addition of direct international sales personnel. The Company invoices its international clients in U.S. dollars.

**COST OF SERVICES AND FULFILLMENT.** Cost of services and fulfillment decreased as a percentage of total revenues to 35% in the six months ended June 30, 1997 from 37% in the six months ended June 30, 1996. These expenses increased 60% to \$6.0 million in the six months ended June 30, 1997 from \$3.7 million in the six months ended June 30, 1996. The expense increase in this period was principally due to increased analyst staffing for Strategy Research Services and related compensation expense. The decrease as a percentage of total revenues was principally due to the Company's increased leverage of its core research.

**SELLING AND MARKETING.** Selling and marketing expenses decreased as a percentage of total revenues to 37% in the six months ended June 30, 1997 from 39% in the six months ended June 30, 1996. These expenses increased 63% to \$6.4 million in the six months ended June 30, 1997 from \$3.9 million in the six months ended June 30, 1996. The increase in expense was principally due to the addition of direct salespersons and increased sales commission expense associated with increased revenues. The decrease as a percentage of total revenues was principally due to increased productivity of the Company's sales force.

**GENERAL AND ADMINISTRATIVE.** General and administrative expenses increased as a percentage of total revenues to 11% in the six months ended June 30, 1997 from 10% in the six months ended June 30, 1996. These expenses increased 62% to \$1.8 million in the six months ended June 30, 1997 from \$1.1 million in the six months ended June 30, 1996. The increase in expenses and increase in expense as a percentage of total revenue was principally due to staffing increases in operations, finance, and IT.

**DEPRECIATION AND AMORTIZATION.** Depreciation and amortization expense increased 138% to \$504,711 in the six months ended June 30, 1997 from \$211,857 in the six months ended June 30, 1996. The increase in this expense was principally due to purchases of computer equipment, software, and office furnishings, and leasehold improvements to support business growth.

**INTEREST INCOME.** Interest income increased to \$1.2 million in the six months ended June 30, 1997 from \$231,000 in the six months ended June 30, 1996. This increase was principally due to an increase in the Company's cash and marketable security balances resulting from positive cash flows from operations and net proceeds from the Company's initial public offering.

**PROVISION FOR INCOME TAXES.** During the six months ended June 30, 1997, the Company recorded a tax provision of \$1.5 million, reflecting an effective tax rate of 40.5%. During the six months ended June 30, 1996, the Company recorded a pro forma tax provision of \$508,000, reflecting an effective tax rate of 40.5%.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through funds generated from operations. Memberships for core research, which constituted approximately 77% of the Company's revenues for the six months ended June 30, 1997, are annually renewable and are generally payable in advance. The Company generated \$4.0 million in cash from operating activities during the six-month period ended June 30, 1997.

During the six-month period ended June 30, 1997, the Company used \$36.8 million of cash in investing activities, consisting of \$1.2 million for the purchase of property and equipment, and \$35.6

million for net purchases of marketable securities. The Company regularly invests excess funds in short- and intermediate-term interest-bearing obligations of investment grade.

As of June 30, 1997, the Company had cash and cash equivalents of \$1.8 million and \$46.1 million in marketable securities. The Company does not have a line of credit and does not anticipate the need for one in the foreseeable future. The Company currently has no material capital commitments, but anticipates continued investment in its facilities and management information systems. The Company believes that its current cash balance, marketable securities, and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for at least the next two years.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The Company is not currently a party to any material legal proceedings.

### ITEM 2. CHANGES IN SECURITIES

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

The Annual Meeting of Stockholders was held on May 13, 1997. At such meeting, the stockholders elected the following persons to the Board of Directors by the following votes:

	Total Vote For Each Director -----	Total Vote Withheld From Each Director -----
Robert M. Galford	7,993,159	48,300
Michael H. Welles	7,993,159	48,300

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### (a) Exhibits

11 Statement Regarding Computation of Per Share Earnings

#### (b) Reports on Form 8-K

None.

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/ GEORGE F. COLONY

-----  
George F. Colony  
Chairman of the Board, President, and  
Chief Executive Officer

Date: August 8, 1997

By: /s/ DAVID H. RAMSDELL

-----  
David H. Ramsdell  
Vice President, Finance, and Treasurer  
(principal financial and accounting officer)

Date: August 8, 1997

## Exhibit 11

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS  
(In thousands, except per share data)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
Computation of income per common share:				
Net income (pro forma for 1996)	\$1,215 =====	\$ 409 =====	\$2,233 =====	\$ 748 =====
Shares:				
Weighted average shares outstanding	8,310	6,000	8,306	6,000
Add:				
Shares issuable from assumed exercise of options as determined by the application of the treasury stock method	499 -----	293 -----	498 -----	293 -----
Weighted average common and common equivalent shares outstanding	8,809 =====	6,293 =====	8,804 =====	6,293 =====
Net income per common share (pro forma for 1996)	\$ .14 =====	\$ .07 =====	\$ .25 =====	\$ .12 =====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORRESTER RESEARCH INC.'S JUNE 30, 1997 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS CONTAINED IN FORM 10-Q.

U.S. DOLLARS

3-MOS		
	DEC-31-1997	
	APR-01-1997	
	JUN-30-1997	
	1	
	1,782,123	
	46,114,277	
	9,543,180	
	250,000	
	0	
	59,107,606	
	4,561,987	
	(1,358,489)	
	62,311,105	
26,209,222		
	0	
	0	
	83,295	
	33,387,997	
62,311,105		
	0	
	9,126,410	
	0	
	3,080,677	
	4,584,882	
	0	
	0	
	2,043,530	
	829,000	
1,214,530		
	0	
	0	
	0	
	1,214,530	
	.14	
	0	