
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): February 11, 2005

FORRESTER RESEARCH, INC.

(Exact Name of Registrant Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-21433
(Commission
File Number)

04-2797789
(I.R.S. Employer
Identification No.)

400 Technology Square, Cambridge, Massachusetts
(Address of Principal Executive Offices)

02139
(Zip Code)

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

N/A

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

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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ITEM 7.01 REGULATION FD DISCLOSURE.

Incorporated by reference into this Current Report on Form 8-K are the briefing presentations used by certain executive officers and senior managers of the Registrant on February 11, 2005, attached hereto as Exhibit 99.1.

This information is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of, or otherwise regarded as filed under, the Securities Exchange Act of 1934, as amended. The information contained in this report shall not be incorporated by reference into any filing of Forrester Research, Inc. with the Securities and Exchange Commission, whether made before or after the date hereof, regardless of any general incorporation language in any such filings.

We believe that pro forma financial information provides investors with consistent and comparable information to aid in the understanding of our ongoing business. Our pro forma presentation excludes the following:

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

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

Reorganization costs — we exclude reorganization costs in order to present a consistent basis for quarterly comparisons and to more consistently present our results of operations.

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

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit 99.1 Briefing presentations used by certain executive officers and senior managers of the registrant on February 11, 2005.

SIGNATURE

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

FORRESTER RESEARCH, INC.

By: /s/ WARREN HADLEY

Name: Warren Hadley

Title: Treasurer and Chief Financial
Officer

Dated: February 11, 2005

Exhibit Index

<u>Exhibit</u>	<u>Description</u>
99.1	Briefing presentations to be used by certain executive officers and senior managers of the registrant on February 11, 2005.

The logo features the word "FORRESTER" in a white, serif, all-caps font. It is centered within a dark green, horizontally-oriented oval. The background of the entire image is a dark blue with subtle, curved, lighter blue patterns that create a sense of depth and movement.

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Forrester Safe Harbor

This presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. These projections or statements are only predictions. Actual events or results may differ materially from those in the projections or other forward-looking statements. Forrester undertakes no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise. Please see the Company's Annual Report to shareholders and its filings with the SEC, including its recent filings on Forms 10-K, 10-Q and 8-K, for a discussion of important risk factors that could cause actual events or results to differ materially from those in the projections or forward-looking statements.

FORRESTER

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Forrester Investor Day

George F. Colony

CEO

Forrester's History

- Founded in 1983
- IPO in 1996
- Acquired Fletcher in the UK in 1999
- Acquired Forit GmbH in Germany in 2000
- 2:1 Stock Split in February, 2000
- Secondary Offering in February, 2000
- Acquired Giga Information Group in March, 2003
- Acquired Giga Group in France in December, 2003

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Our values/culture: 4C2Q1S + MC

- Client
- Communication
- Creativity
- Consistency
- Quality
- Quickness
- Service
- Multiplicative Collaboration

FORRESTER

Vision, Purpose, Mission

FORRESTER

Vision (Our view of the outside world)

- Technology changes everything

Purpose (Why we exist)

- Forrester provides powerful ideas and objective guidance to help clients thrive on technology change

FORRESTER

Mission (Our goals)

- More \$1B+ companies
- More technology suppliers
 - ...driven by our efforts to...
- Improve client service
- Develop Forrester people
- Engage the whole client
- Innovate and create bold ideas
- Globalize profitably

FORRESTER

The Forrester product portfolio

Research

- WholeView 2™
- Inquiry

Data

- Custom Consumer Research
- Ultimate Consumer Panel
- Technographics® Data & Services
- Omnibus



Community

- Forrester Oval Program™
- Events
- ForrTels™
- Boot Camps, Workshops

Consulting

- TEI
- Project Consulting
- Advisory

FORRESTER

Globalization

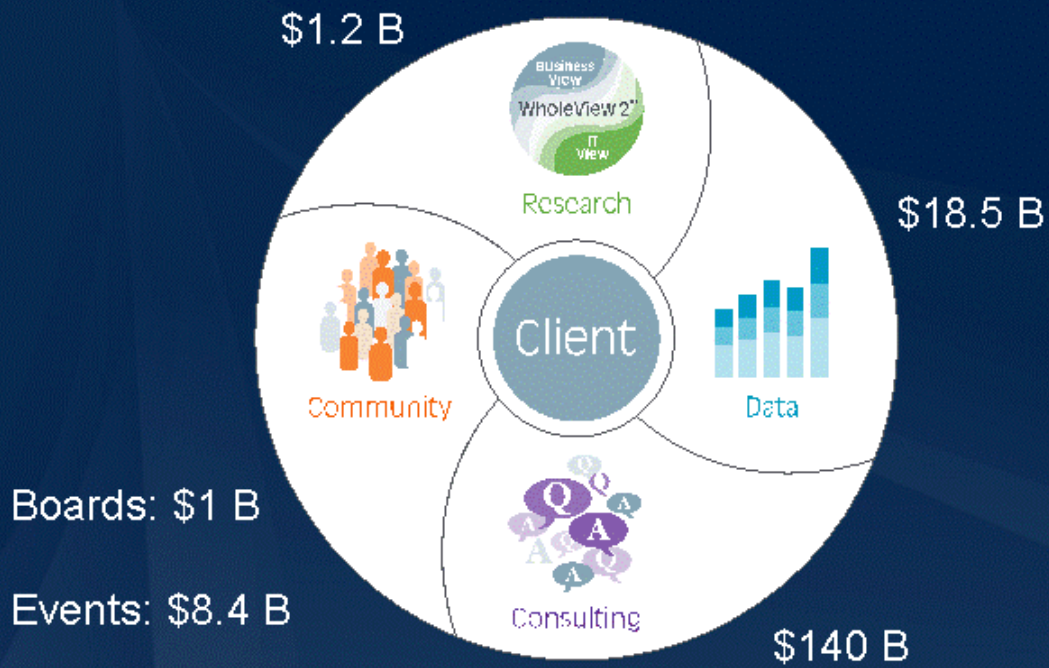
- Forrester Americas
- Forrester EMEA
- Forrester Asia Pacific

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RDCC + Globalization will enable the company to accelerate growth...

- More companies
- More countries
- More (bigger) budgets
- More client engagement

The portfolio approach expands our opportunity...



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Research & Consulting

Neil Bradford
President, Americas

Forrester Americas is ...

- 73% of Forrester revenues
- USA (94%), Canada (5%), Latin America (1%)
- 400 employees

- Robust IT spending growth in 2005: 7%

Our target markets and sales strategy

	User	Vendor
\$1B+		
\$500 M To \$1B+		
<\$500 M		

FORRESTER

Client-focused products & services

Research

- WholeView 2™
- Inquiry



Consulting

- TEI
- Project Consulting
- Advisory

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Research drives everything



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Research: 2005 plans

- Add expertise
 - » New Government focus area
 - » 14 new analysts in the past 6 months
 - » 10+ more in the next 6 months
- Enhance our flagship WholeView 2 offering
 - » More primary demand-side surveys
 - » New vendor evaluation platform
 - Relaunch of Forrester Wave
 - » 150 Client Choice reports

From: Gene Leganza [geneleganza@FORRESTER.COM]
To: GOVERNMENT-ALERT@frstrelay001.forrester.com
Cc:
Subject: Introducing Forrester's First Look At Government IT

Sent: Mon 10/18/2004 3:15 PM



GOVERNMENT FIRST LOOK

18 Oct. 2004

Free ForTel: The Evolving Role Of The Federal CIO

Please join Gene Leganza in the upcoming teleconference, [The Evolving Role Of The Federal CIO](#).

Gene will discuss the evolution of the US federal CIO since Congress established the role eight years ago. He will also explore the extent to which federal CIOs have attained strategic partnerships with agency business leaders and are positioned to lead the charge in a technology-powered government transformation.

Joins us on October 21, 2004, at 1 p.m., Eastern time. To register, please email fortel@forrester.com. Be sure to reference VIP Code 112 to receive your free registration.

Numbers You Should Know

41. Percent of [US federal CIOs](#) who operationally report to their agency chief executive.

33. Percent of [US federal CIOs](#)

The Federal CIO's Rocky Road To Strategic Partner

It's been eight years since the Clinger-Cohen Act pushed the [US federal CIO](#) out of the back office into a seat at the senior management table. But CIOs -- encumbered by limited resources; a complex, intensely stovepiped culture; and a nagging lack of credibility for IT -- are struggling to have a significant impact. The net result? Major CIO turnover. The General Accountability Office's (GAO's) recent study revealed that 92% of the current permanent CIOs were in office fewer than three years. Forrester looked at the GAO's study and we interviewed current and former CIOs to find that the federal CIO's lot is like that of the private sector CIO in organizations where IT has credibility problems. The way out? Absolutely nail the basics of service delivery, communicate successes, build relationships with business executives, and opportunistically drive your agenda.

Architecting Mobility

It's clear that [mobile solutions are hot](#) in government, no matter whether the statistics come from industry groups, the US federal government, or Forrester's Business Technographics® April 2004 North American Benchmark Study. Mobile IT significantly improves the productivity and effectiveness of government field workers, and offering telework options fits government's human

High Rate Of CIO Turnover Impedes Progress

Federal CIO tenure:	Current CIOs	Permanent CIOs only
Minimum	One month	One month
Median	15 months	16 months
Maximum	94 months	94 months
Number of CIOs in office less than 3 years	89	23
Percent of CIOs in office less than 3 years	82%	92%

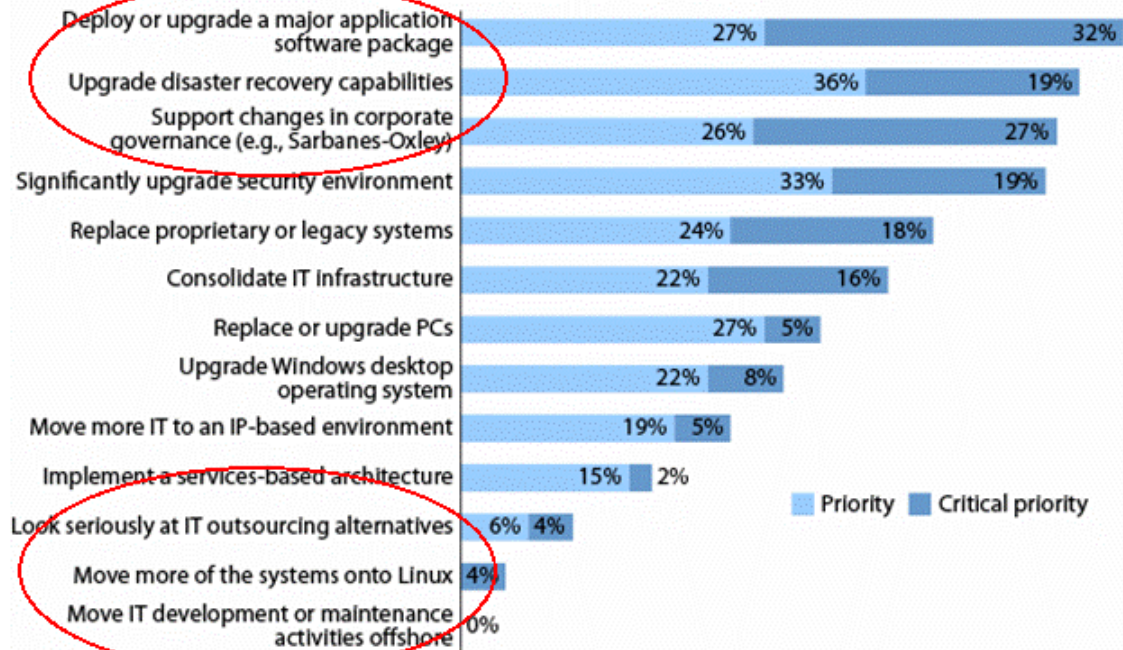
Base: 108 permanent and acting CIOs, including 25 permanent CIOs

Source: July 2004 GAO-04-823 CIO report

Retailer Spending Aligns With Key Industry Trends

Retailers prioritize deployment at a slightly higher rate than other companies.

"Which of the following initiatives are likely to be one of your IT organization's major themes for 2005?"

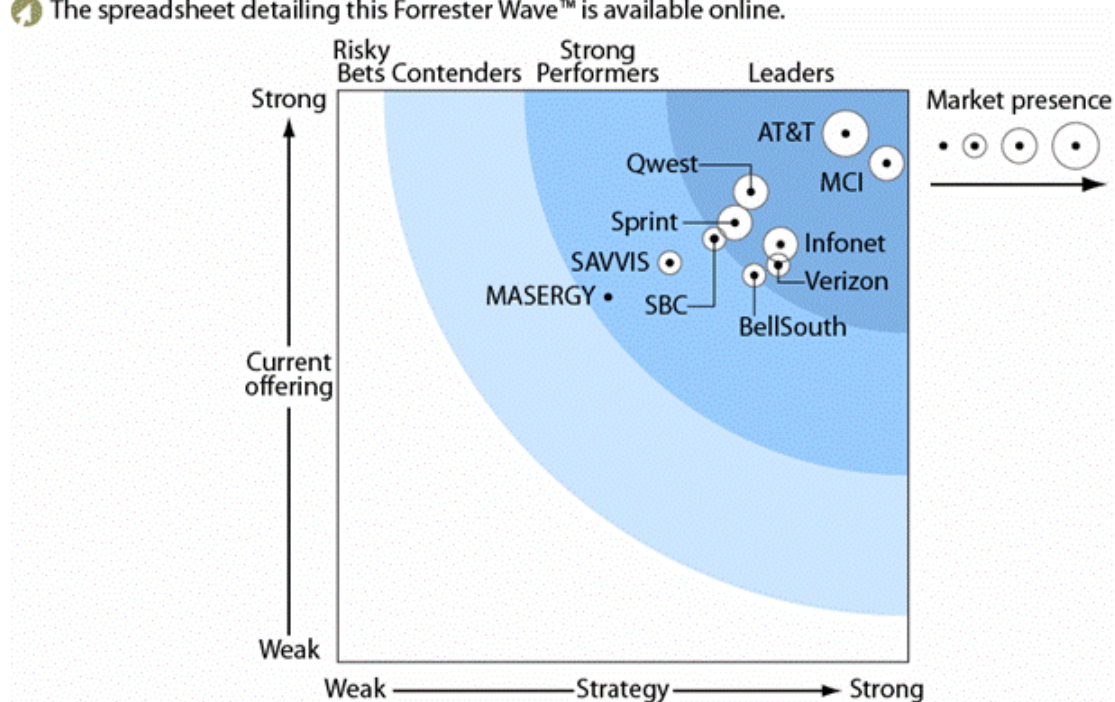


Base: 85 North American retailers

Source: Forrester's Business Technographics® November 2004 North American And European Benchmark Study

Leading Managed IP VPN Services, Q3:04

The spreadsheet detailing this Forrester Wave™ is available online.



From **Evaluating Managed IP VPN Services**, September 2004



- My Forrester
- Find Research
- Events
- Products & Services
- About Forrester

- Questions or Comments?
- Submit an Analyst Inquiry
 - Give Feedback
 - Request Reprint
- Tools:
- PDF
 - Printer-friendly HTML
 - Briefcase
 - Bookmark This Page
 - Email Document

TECH CHOICES

January 18, 2005

The Enterprise Content Management Dilemma: Point Solution Or Suite?

by [Connie Moore](#), [Kyle McNabb](#), [Barry Murphy](#)
with [Merv Adrian](#), Lucy Fossner



EXECUTIVE SUMMARY Length: 12 pages

Three years ago, firms adopted document imaging, document management, Web content management, and records management as point solutions for departments or business units. Today, the centralization of IT, the drive to lower costs through single sourcing, the need to manage multiple content types, and a focus on compliance have created demand for enterprise content management (ECM) suites. Yet implementing ECM is difficult because divergent requirements still exist, and no ECM suite vendor can currently meet the needs of all stakeholders. Before investing, develop an ECM strategy for your organization, giving preference to suites, but recognizing that point products, multivendor approaches, and content integration software may be necessary in the interim.

TABLE OF CONTENTS

- [Consolidation, Cost Reduction, And Compliance Drive ECM](#)
- [Enterprisewide Adoption Exposes Complexity](#)
- [Stakeholder Requirements And Legacy Issues Create Challenges](#)
- [ECM Suites Are Still Under Construction](#)
- [The Case For Point Solutions Can Be Compelling](#)
- [Best-Of-Breed Products Come From ECM Suites And Point Solutions](#)

NOTES & RESOURCES

Forrester conducted more than 550 user client inquiries in 2004 regarding the adoption and use of ECM suites and point solutions.

RELATED RESEARCH DOCUMENTS

- [The Content Integration Imperative](#)
March 26, 2004, Trends
- [Will The Real Enterprise Content Management Please Stand Up?](#)
January 13, 2004, Planning Assumption
- [Market Leaders Emerging In Enterprise Content Management](#)

Prospects for Research

- Bedrock of all our client relationships
- 10% Market Share
- Long term growth rate: 5-10%

- Key future initiatives
 - » Enterprise-wide subscriptions
 - » More industries, more buyers

Consulting: 2005 plans

- Custom research work for clients
- Done by analysts
- No implementation, no on-site Forrester team
- \$5K-\$500K projects

- Builds significant relationships with key clients

Prospects for Consulting

- Key element of large client relationships
- <1% Market Share
- Long term growth rate: 10-15%

- Key future initiatives
 - » Fund more analysts
 - » Larger, repeatable projects (sub \$1M)

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Data

Michael Gazala

Senior Vice President, Forrester Data

Data

- Data represents 6% of 2004 revenues
- Three consumer Data products
 - » Technographics Data & Services (TD&S)
 - » Custom Consumer Research (CCR)
 - » Forrester's Ultimate Consumer Panel
- Our market share is still small and our opportunity is very large

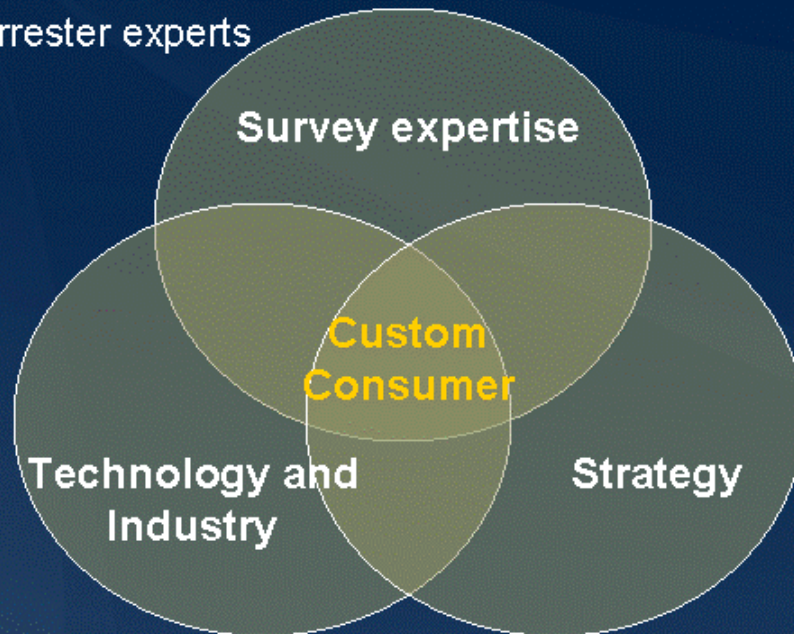
Consumer Technographics

- The largest and longest-running research effort to study consumers' use of technology
 - » More than 1 million US Households surveyed since 1997
 - » Approximately 150,000 surveys to be completed in 2005
- Gives consumer-focused companies access to a rich and deep reservoir of data to make better decisions
- Includes unlimited access to a Data Specialist to help the client use and analyze the data
 - » Data can be cut and analyzed by demographics, psychographics, product ownership, behaviors, and Technographics segmentation
 - » Sample client inquiries:
 - Profile of consumers with home networks, including composition of wired versus wireless, and benefits of adding a home network
 - Ownership among African Americans versus general population of cable TV, satellite TV, DVD players and digital video recorders

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Custom Consumer Research

- Techno is syndicated consumer insight, CCR is customized
- Custom research means fielding surveys designed and executed on behalf of clients who want data analyzed by Forrester experts



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How does CCR help clients?

- CCR works on a variety of projects including segmentation, customer retention/acquisition, brand loyalty, product development, benchmarking, and market sizing
- **Case study: Marketing High-End Televisions**
 - » Client wanted us to help them plan their introduction of Plasma televisions into the US market
 - » We analyzed our Technographics data to profile current buyers of high-end televisions, and then designed a survey to examine current and future consumer demand for various types of high-end televisions
 - » Our analysis:
 - Identified which dimensions – demographics, attitudes, or behavior – are the strongest predictors of ownership or interest in plasma TVs, and which segments to target
 - Profiled owners and intenders of high-end TVs against profiles of the general population
 - Examined which TV features would attract the selected target segments

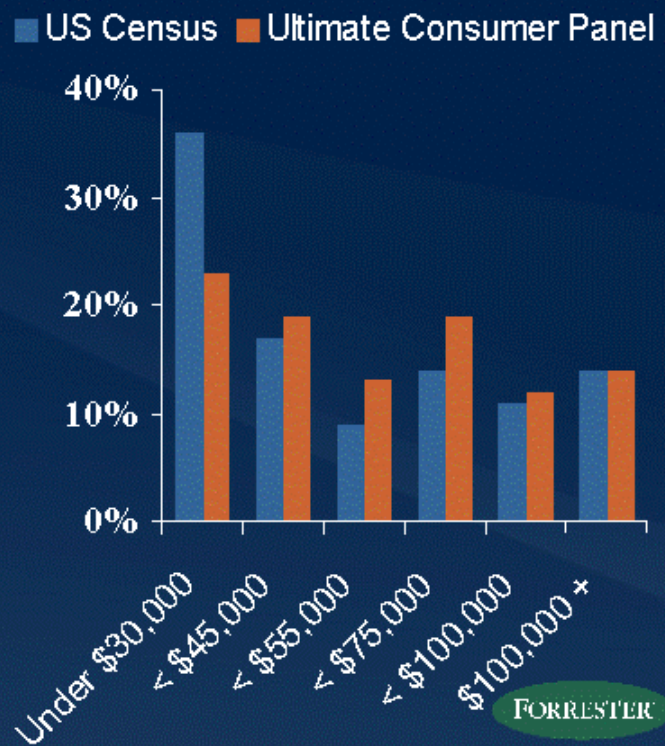
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What is the Ultimate Consumer Panel?

- A nationally representative panel of US households from which we capture three streams of data:
 - » Regular surveys across a range of topics
 - » Web site use and online purchasing behavior
 - » Monthly credit card and bank statements

Ultimate is a nationally-representative panel

- Closely mirrors US Census distribution on household income
- Tend to under-represent older, less-educated households (before demographic weighting)
- Panelists' attitudes are not substantially different from non-panelists



What is the Ultimate Consumer Panel?

- A nationally representative panel of US households from which we capture three streams of data:
 - » Regular surveys across a range of topics
 - » Web site use and online purchasing behavior
 - » Monthly credit card and bank statements
- A faster, more cost effective way of analyzing how consumers make spending decisions
- A way to deepen relationships with financial firms
 - » We sell to marketing, advertising, product development, and research groups at credit card companies and banks

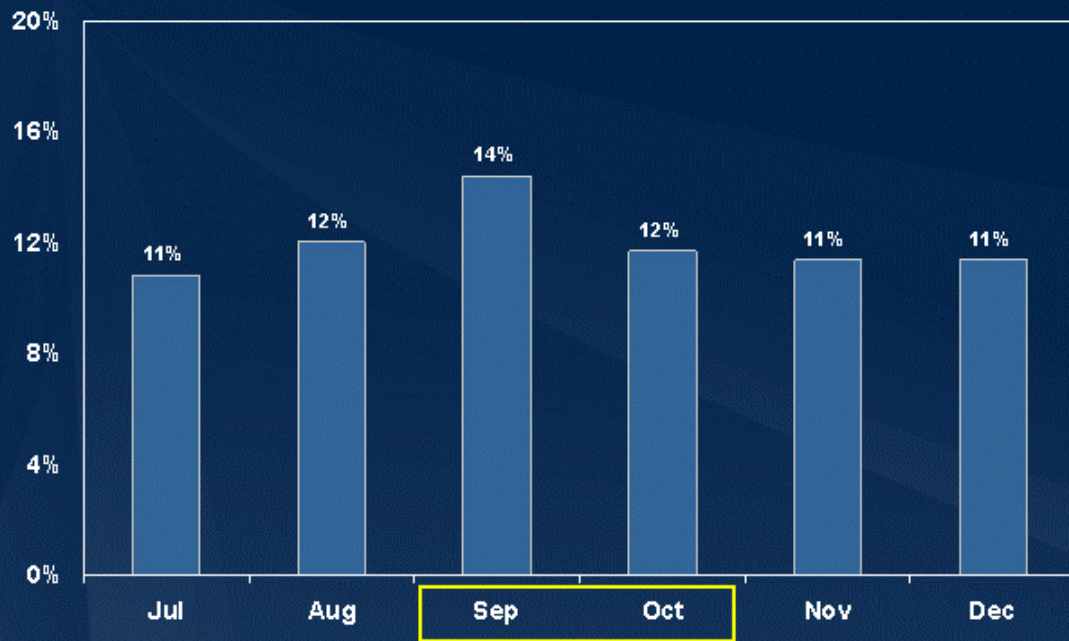
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Discover's 2004 "dining out" promotion

- Cardholders were offered "up to 10%" in cash back bonus awards for purchases made at restaurants in September-October 2004
- Promotion followed a similar campaign promoting grocery store purchases conducted in Q2 2004
- To qualify cardholders had to register with Discover by calling an 800 number or sign up online

A slight lift in Discover use at restaurants

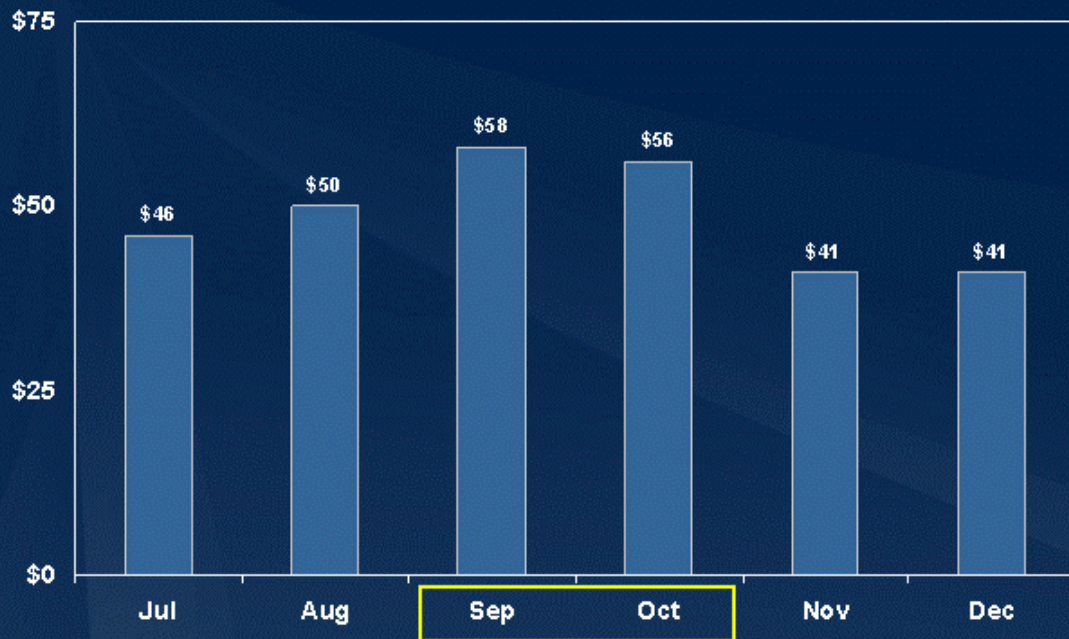
Percent of Discover accounts with any restaurant purchases



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But spending increase is modest and short-term

Average monthly restaurant spending with Discover cards *



* Among accounts with any restaurant purchases

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Data

- Data currently represents 9% of Revenues.
- Three consumer Data products
 - » Technographics Data & Services (TD&S)
 - » Custom Consumer Research (CCR)
 - » Forrester's Ultimate Consumer Panel
- Our market share is still small and our opportunity is very large

Data – Market Share & Opportunity

- Our target market: Consumer market research
 - » According to Outsell, a \$18.5 billion market
 - » We have plenty of headroom to grow
- Competition comes in three categories:
 - » Consumer panel organizations like TNS/NFO and Harris Interactive
 - » Full-service market research firms like Millward Brown
 - » Strategy consulting firms like BCG and Lieberman
- Differentiation comes from focus on:
 - » Consumer technology – we're not trying to be everything to everybody
 - » Quantitative heritage and expertise
 - » Combination of actual transaction data and survey data in Ultimate

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Data – Market Share & Opportunity

- 2005 plan calls for 50% growth
 - » Technographics: Enhance offering and increase price
 - » CCR: Add advisors and create defined tool sets
 - » Ultimate: Grow panel, add credit card firms, launch banking offering and plan for brokerage offering in 2006

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Community

Charles Rutstein

Vice President, Forrester Community

Community

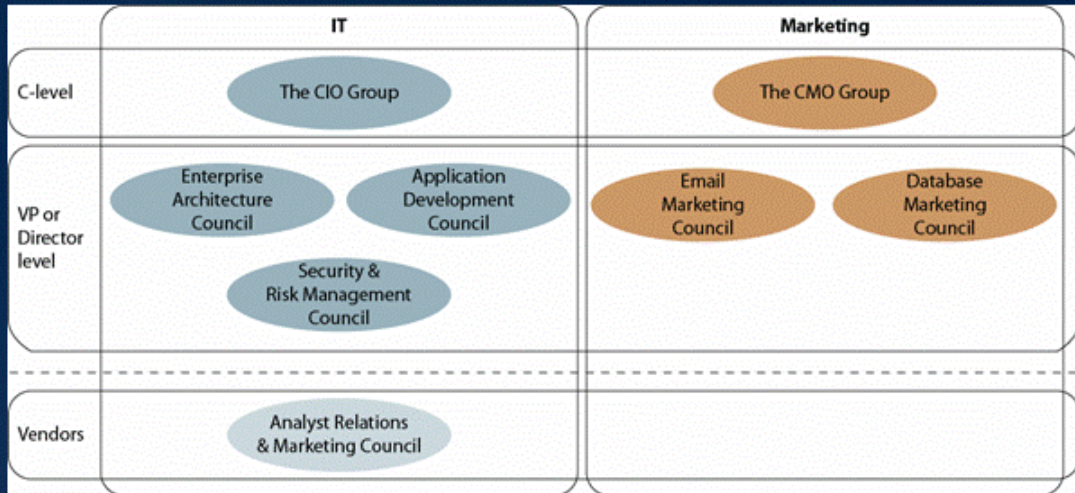
- Community consists of the Forrester Oval Program and Forrester Events
- An important, growing (and leveraged!) part of Forrester's business
 - » 9% of revenue in 2004
 - » 10-12% of revenue in 2005

Oval Program overview

- Oval memberships are available to select senior IT and Marketing executives at \$1B+ companies worldwide
- Ovals are aimed at specific cross-industry job functions
- Membership includes three key elements:
 - » Exclusive member-driven research
 - » Peer network and meetings
 - » Dedicated advisors

Our current Oval footprint

Currently 8 Ovals for 3 key cohorts (IT, Mkt., Vendors)



Oval go to market strategy

- Sold through direct sales force
 - » 39% of reps sold an Oval in 2003
 - » 57% of reps sold an Oval in 2004
- Model drives sales productivity and portfolio sales
 - » Offers a targeted approach for new business sales reps
 - » Client reps use Oval to drive internal referrals for additional Ovals, Data and Consulting opportunities

Oval differentiation and competition

- Differentiation: Ovals are built around hard-to-replicate assets like business/consumer Technographics and Inquiry Advantage
- In addition, we differentiate with a high level of service and intimacy. Competition includes:
 - » Gartner's EXP program – clients tell us we deliver better service, more intimacy, and coverage of technology beyond 'IT', new opportunity for us with Meta acquisition
 - » Corporate Executive Board – we offer unique primary/secondary research and a view of technology's impact on business
 - » Local affinity groups, informal networks – we're a trusted third party source for world-class objective research and data

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Oval market opportunity

- Market opportunity
 - » 6-8+ titles per target company today
 - » 12–16,000 potential members (before launching any new Ovals)
- Current market share estimates suggest huge upside
 - » Approx. 4-5% of target CIOs and IT Executives
 - » Approx. 12-15% of target Analyst Relations Executives
 - » Approx. 2% of target CMOs and Marketing Executives

2005 Oval Plan

- Very significant year over year revenue growth
- 650+ Oval members by the end of 2005, up from 443 at year-end 2004
- 10-12 Ovals by the end of 2005, up from eight
- Leverage Research, Data & Consulting assets

Events overview

- Exclusive meetings for senior executives featuring key research themes, expert speakers and peer networking opportunities
- In 2005 - six events in North America and three in Europe

Why events?

- Proven marketing tool for prospects, cost effective value-add for existing clients
- Drive profit through alignment of Oval member meetings and key events
- Gives Sales opportunity to fast-track new client acquisition and enrichment
- High correlation to renewal

Summary

- Forrester's community business is:
 - » **Leveraged.** Both events and Oval programs show increasing returns as they grow
 - » **Growing.** We anticipate substantial growth in 2005. Long-term growth rate of 20-25%
 - » **Connected.** We've already seen – and will continue to see – terrific cross-sell and upsell opportunities with Forrester's other business lines

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EMEA Operating Group

Robert Davidson
President, EMEA

Forrester EMEA



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2004 Market Share & Retention

- 45% of our 400+ clients are \$1B+ companies
- Overall share of 1B+ in EU is 9.4%
 - » But varies by country
- Client retention increased to 73%

The key EMEA drivers for 2005

- Growth
- Differentiation
- Platform

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Expanding throughout EMEA region

- Continued focus on UK, France and Germany as major markets
- Expanding Sales in Benelux, Nordics and Italy
- Investing in new geographic markets in Central and Eastern Europe, like: Poland, Hungary, Czech
- Middle East and Africa: Israel, SAF and UAE

Progress on building out the portfolio

- Continued focus on growing Research
- Data – continued expansion in 2005
- Consulting grows
- Strong push into Oval in 2005
- Events remain stable and profitable

The key EMEA drivers for 2005

- Growth
- Differentiation
- Platform

The key EMEA drivers for 2005

- Growth
- Differentiation
- Platform

The EMEA structure is built for growth

- Full service organization
- Research – adding 12 analysts in 2005
- Sales – stable and distributed

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Asia Pacific Operating Group

Charlie Chang

President, Forrester Asia Pacific

Territory



Market Opportunity

Region	Japan	India	Australia	Korea	Greater China	ASEAN
GDP (2003)	\$4.3 T	\$600 B	\$520 B	\$605 B	\$1.85 T	\$670 B
Economic Growth	+2.6%	+6.6%	+3%	+4.6%	+9.5%	+6%
Population	127 M	1.1 B	20 M	48 M	1.3 B	> 500 M
\$500M+ Enterprises	> 1,000	> 60	> 130	> 170	> 230	> 100
Key Industry Verticals	Financial Services, High Tech Vendors, IT Services Providers, Media, Consumer Electronics, Retail, Auto, Telecom, Travel					

Note: Economic growth for last 12 months.

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Plans for 2005 & Beyond

- 2005
 - » Focus sales on \$500M+ enterprises
 - » Bolster key markets (Japan, Australia, India)
 - » Deploy marketing (Japan, Australia, India)
 - » Initiate local survey-based research
 - » Develop partnerships & alliances
- Beyond
 - » Continued execution of above initiatives
 - » Additional focus on Greater China and India
 - » Establish indigenous research centers in AP
 - » Acquisitions to augment organic growth

Summary

- Super-Sized Market
 - » Aggregate GDP: \$8.5 trillion
 - » Population: 3 billion, with rapidly growing incomes, and emerging middle class
 - » \$500 M+ enterprises: Over 1,800
- Business Opportunities
 - » IT spending increasing by more than 10% yearly – double the global average. Only a small fraction of the large firms in these markets have been penetrated.
 - » Huge thirst for Asian market data, trends and directions

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Financials

Warren Hadley

Chief Financial Officer

Balance Sheet

	12/31/2002	12/31/2003	12/31/2004
Cash & securities	\$ 194.6	\$ 126.7	\$ 127.4
Accts receivable	17.8	40.0	39.2
Fixed assets	10.7	8.3	6.4
Goodwill & Intangibles	14.0	70.5	59.9
Other	41.2	65.5	69.9
Total assets	\$ 278.3	\$ 311.0	\$ 302.8
Current liabilities	\$ 22.3	\$ 34.1	\$ 30.6
Deferred revenue	42.1	68.6	72.4
Equity	213.9	208.3	199.8
Total liabilities & equity	\$ 278.3	\$ 311.0	\$ 302.8

All financial data in these slides are in millions unless otherwise indicated

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GAAP to Pro forma reconciliation

Pro forma data excludes the following items:	2002	2003	2004
Expenses:			
Amortization of intangible assets	\$ 0.3	\$ 8.8	\$ 6.5
Reorganization Costs	\$ 12.2	\$ 2.6	\$ 8.4
Integration Costs	\$ -	\$ 1.1	\$ -
Other Income:			
Gains on sales of equity securities	\$ -	\$ -	\$ 1.1
Non-marketable investment (impairments) gain	(4.1)	(2.4)	0.3

Forrester believes that pro forma financial results provide investors with consistent and comparable information to aid in the understanding of Forrester's ongoing business. Our pro forma results exclude items listed above as well as their related tax effects. Pro forma results do not purport to be prepared in accordance with Generally Accepted Accounting Principles.

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Pro forma Income Statement

	2002	2003	2004	Growth
Revenue	\$ 96.9	\$ 126.0	\$ 138.5	10%
Expense	\$ 85.6	\$ 112.0	\$ 121.6	9%
Operating income	\$ 11.4	\$ 14.0	\$ 16.9	20%
Operating margin	11.7%	11.1%	12.2%	
Net income	\$ 11.8	\$ 11.7	\$ 12.8	10%
WASO	23.7	22.8	22.4	-2%
EPS	\$ 0.50	\$ 0.51	\$ 0.57	12%

2005 Pro forma Guidance:

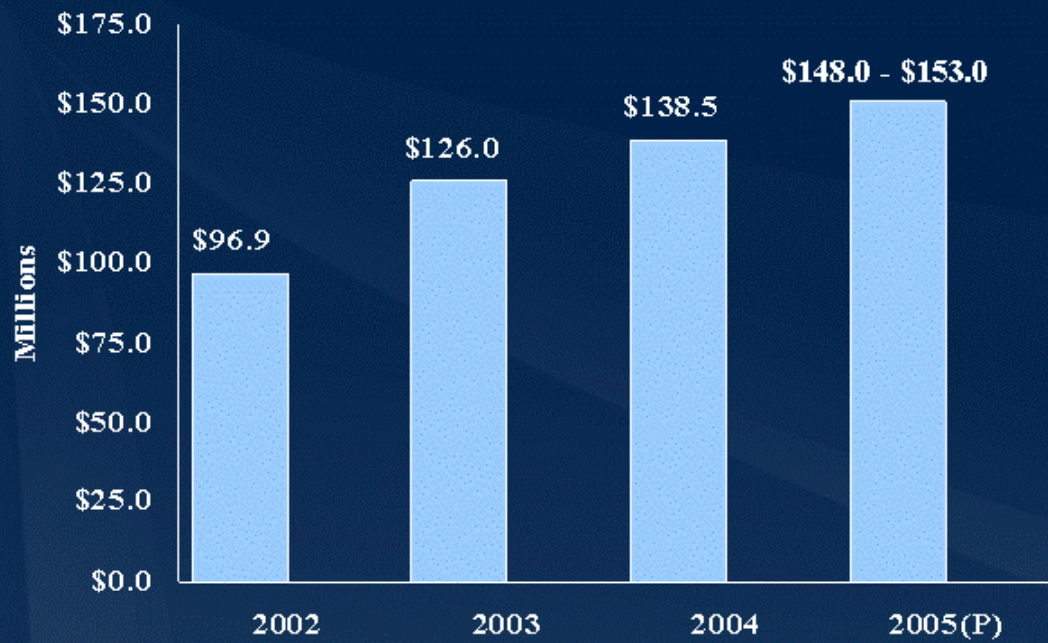
Revenue \$148 - \$153M

Operating Margin 12% - 14%

EPS \$.62 - \$.67

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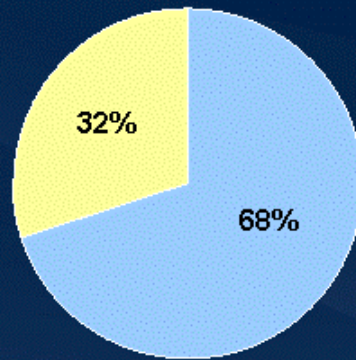
Revenue



2005 Revenue guidance: \$148M - \$153M 

Revenue mix

2004



Total Revenue = \$138.5M

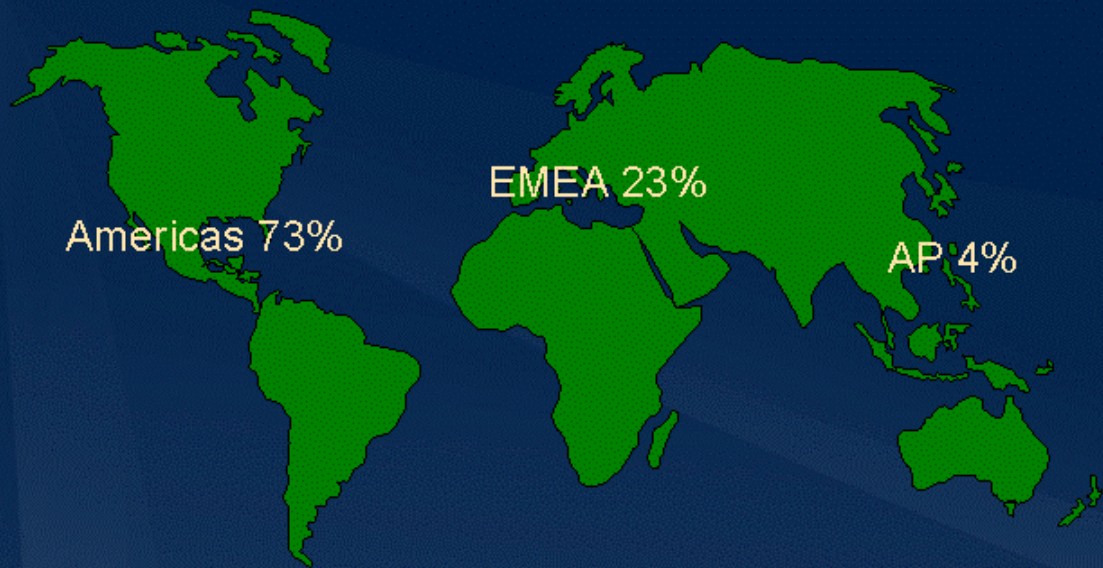
■ Research services ■ Advisory services and other

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Revenue % by Product

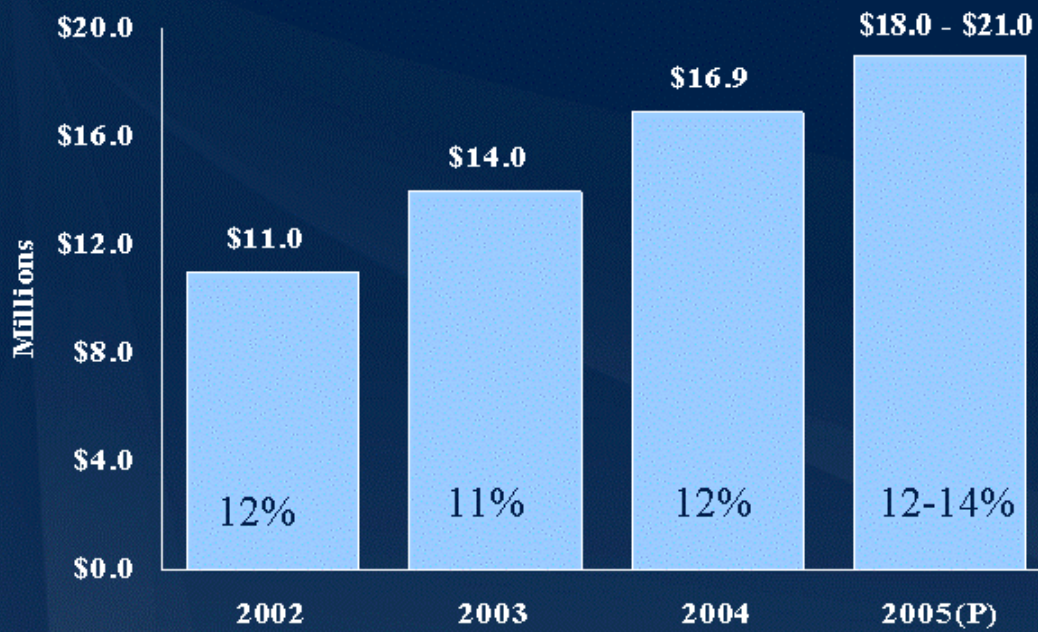
	2004	2005(P)	Growth
Research	59%	51 - 53%	(4) - 0%
Data	6%	8 - 10%	50 - 60%
Consulting	26%	26 - 28%	15 - 20%
Community	9%	10 - 12%	20 - 25%

Revenue by Geography



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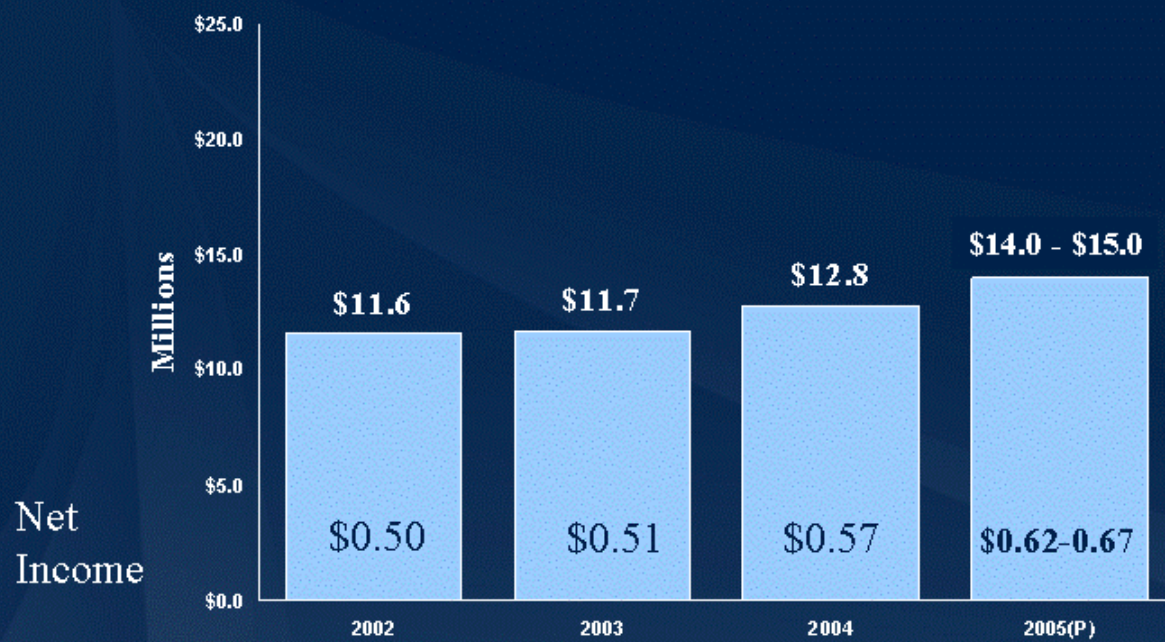
Pro forma Operating Income and Margin



2005 Pro forma margin guidance: 12% - 14%

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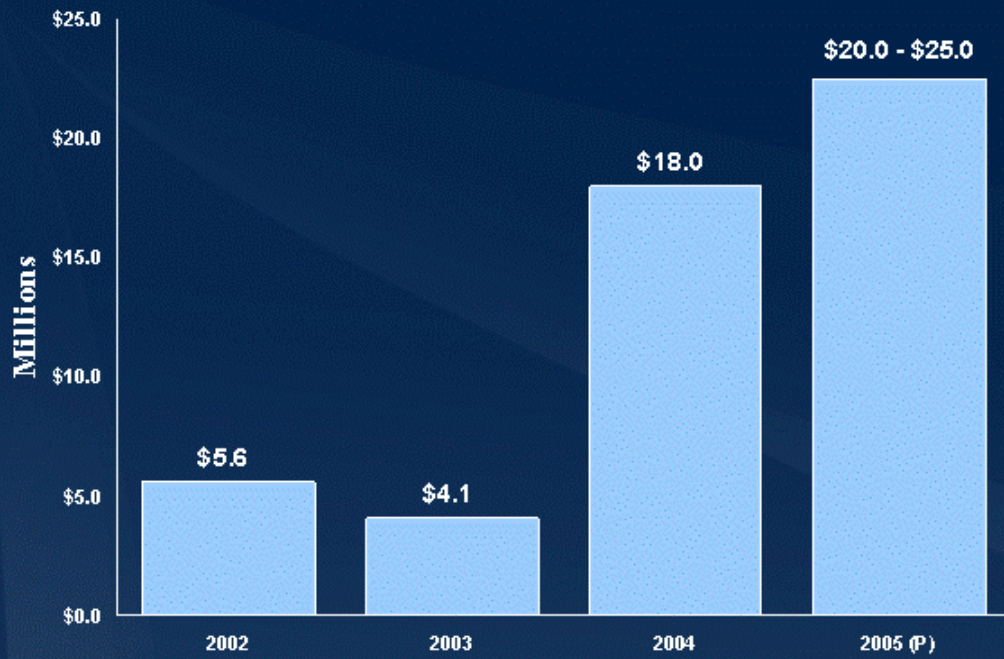
Pro forma Net Income & EPS



2005 Pro forma EPS guidance: \$0.62 - \$0.67

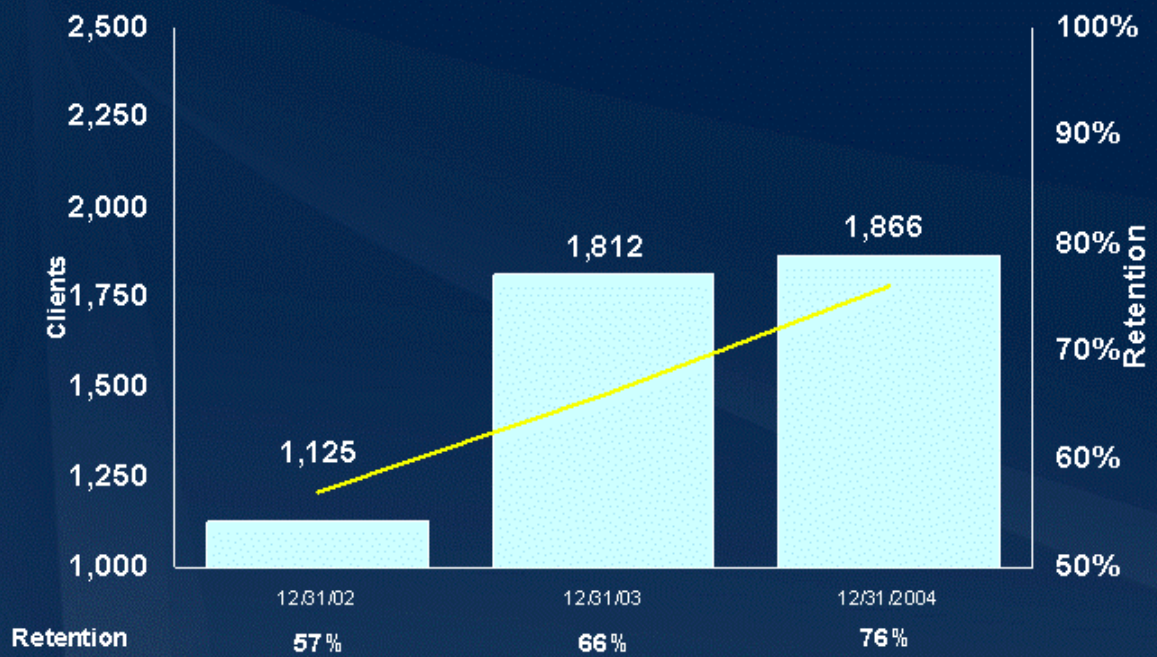
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Cash flows from operations



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Client Companies and Retention



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AV and \$ Retention



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IT Spending Patterns and Forrester's Research Agenda

Christopher Mines

Senior Vice President

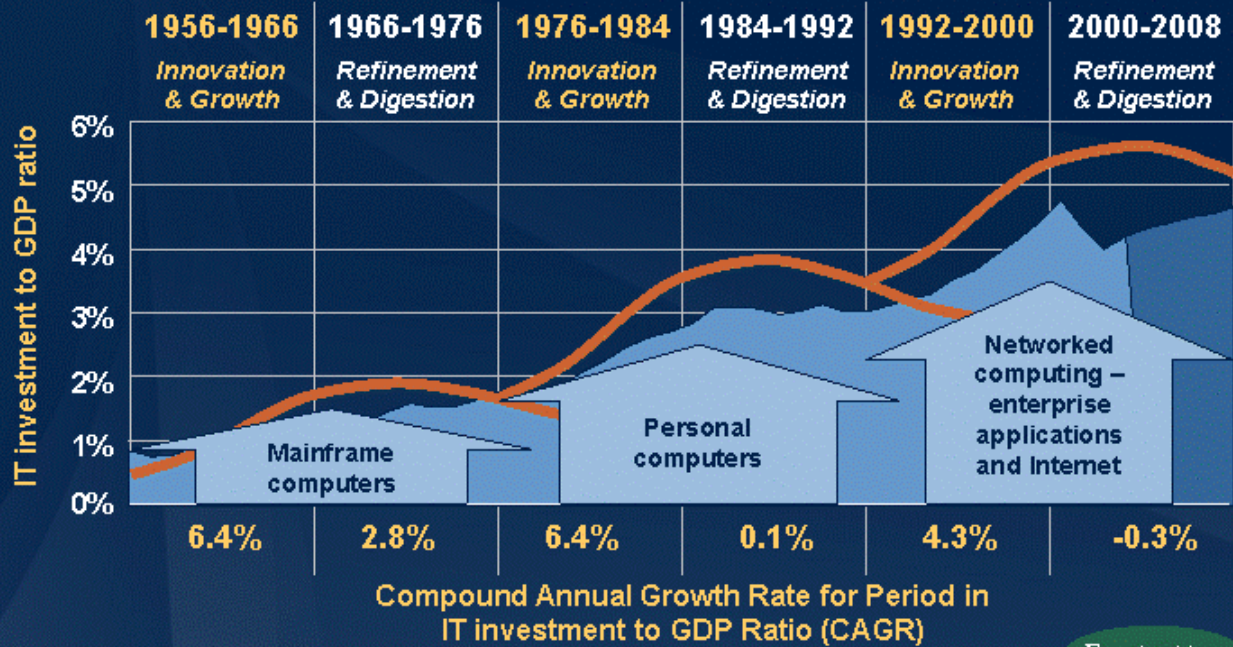
North American Research

Theme

The Tech economy shows
modest improvement into
2008 with plenty of
investment and uncertainty
to capitalize on.

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The tech economy is in a period of refinement and digestion



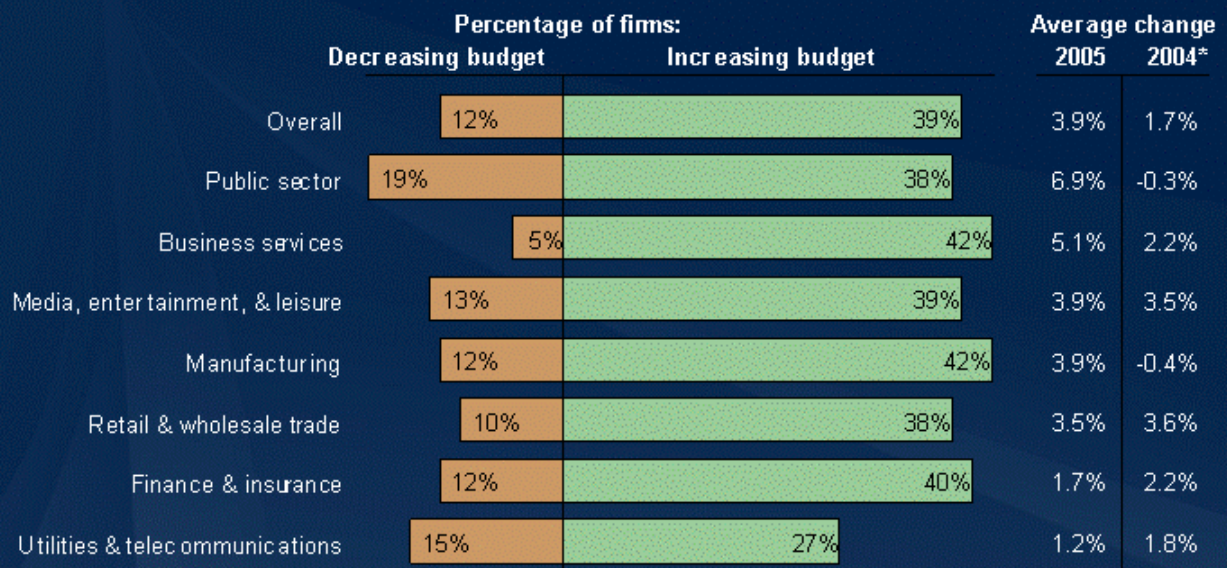
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But IT spending and confidence are on the rise

- We forecast 7% growth in U.S. IT budgets this year, up from 5% in 2004
- From surveying 6,000+ IT executives, we found:
 - » CIO confidence has steadily risen over 4 quarters
 - » The average expected budget increase doubled from a year ago
 - » 40% will allocate more of their budget to *new* spend
 - » For the first time, *all* of our core verticals expect spending growth

IT budget growth will double in 2005

"How will your company's 2005 IT budget compare with its actual IT spend in 2004?"



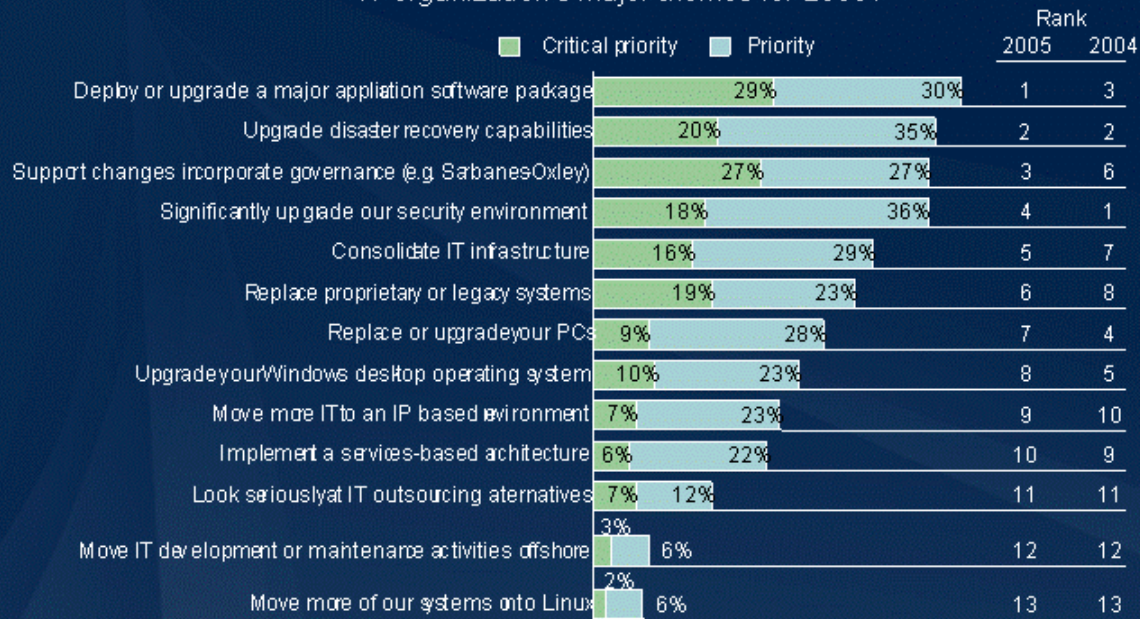
Base: 595 IT executives at North American enterprises

*Source: Forrester's BusinessTechnographics® November 2003 North American Benchmark Study

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Slight shifts in IT execs' spending priorities

"Which of the following initiatives are likely to be one of your IT organization's major themes for 2005?"



Base: 868 decision-makers at North American enterprises

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Heat-seeking for the near term

- **Sarbanes-Oxley** was hot ... it's now hotter
- **Apps like Finance and SCM** are number 1 on the CIO agenda ... Wave analyses help buyers create their shortlist
- Significant pops in demand for **ECM, BI, and analytics**. ... we have an entire team dedicated to this space!
- Interest in **Organic IT** is still rising and moving beyond the evaluation stage ... this Big Idea still has legs
- **Outsourcing** will drive the services market ... more targeted deals mean more opportunities for us to help
- **Industry-specific issues** swing IT purchasing decisions ... we know the impact of consumer demographics or Healthcare Spending Accounts on IT spend

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Agenda-setting for the longer term

Topics that Research will put extra resources and effort towards developing this year. Opportunities for Forrester to establish thought leadership and drive business.

- **Next-generation architecture**

- » A new IT architecture stack is emerging as the successor to client-server computing. It includes cheap, virtualized hardware resources (Organic IT) at the bottom, shared software and services (SOA) in the middle, and business intelligence and analytics at the top.

- **Extended Internet**

- » The X Internet connects information systems to physical assets, products, and devices. It represents a new architecture and new applications for the Internet, ranging from RFID and telematics to mobile networking and biometrics.

- **Innovation networks**

- » Innovation is reemerging as the key source of economic growth. Innovation networks are a new business model for R&D and software development that enables companies to best match their demand for innovation with worldwide sources of talent and capital.

- **Social computing**

- » The Internet is catalyzing a new social structure. Search engines, blogs, and viral marketing empower individuals at the expense of traditional authorities like governments, corporations, and media. Companies tap social computing to develop new products, communicate with customers, and manage their employees and business partnerships.

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