
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): July 27, 2004

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

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

N/A

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

Page 1 of 5
Exhibit Index appears on Page 4

ITEM 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release dated July 27, 2004.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

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

On July 27, 2004, Forrester Research, Inc. issued a press release announcing its financial results for the quarter ended June 30, 2004, the full text of which is attached hereto as Exhibit 99.1.

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

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

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

Reorganization costs - we exclude reorganization costs 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 Forrester's financial statements and filings with the Securities and Exchange Commission.

SIGNATURE

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

FORRESTER RESEARCH, INC.

By: /s/ WARREN HADLEY

Name: Warren Hadley
Title: Treasurer and Chief Financial Officer

Dated: July 27, 2004

Exhibit Index

Exhibit -----	Description -----	Page -----
99.1	Press Release dated July 27, 2004.	5

Forrester Research Announces Second-Quarter 2004 Financial Results

CAMBRIDGE, Mass.--(BUSINESS WIRE)--July 27, 2004--Forrester Research, Inc. (Nasdaq: FORR) today announced its second-quarter ended June 30, 2004 financial results.

Second-Quarter Financial Performance

- Total revenues were \$34.9 million, compared with \$34.0 million for the second quarter of last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 33.5 percent, Forrester reported a second-quarter net loss of \$2.3 million or \$0.11 per diluted share, compared with net income of \$141,000, or \$0.01 per diluted share, for the same period last year.
- On a pro forma basis, which excludes amortization of \$1.4 million of acquisition-related intangible assets, reorganization costs of \$6.8 million related primarily to office space consolidations, and non-marketable investment gains of \$57,000 and which reflects a pro forma effective tax rate of 35 percent, net income was \$3.0 million, or \$0.13 per diluted share, for the second quarter of 2004. This compares with pro forma net income of \$2.5 million, or \$0.11 per diluted share, for the same period in 2003, which excludes amortization of \$2.6 million of acquisition-related intangible assets, costs of \$740,000 related to the integration of Giga Information Group, Inc., and a net write-down of \$272,000 related to impairments of certain non-marketable investments, and a pro forma effective tax rate of 35 percent.

Six-Month Period Ended June 30, 2004, Financial Performance

- Total revenues were \$66.7 million, compared with \$58.5 million for the same period last year.
- On a GAAP-reported basis, which reflects an effective tax rate of 33.5 percent, Forrester reported a net loss of \$2.6 million, or \$0.12 per diluted share for the six months ended 2004, compared to net income of \$1.9 million or \$0.08 per diluted share for the same period last year.
- On a pro forma basis, which excludes amortization of \$3.7 million of acquisition-related intangible assets, reorganization costs of \$8.8 million related primarily to office space consolidations, non-marketable investment gains of \$57,000 and which reflects a pro forma effective tax rate of 35 percent, net income was \$5.5 million, or \$0.24 per diluted share, for the six months ended 2004. This compares with pro forma net income of \$5.0 million, or \$0.22 per diluted share for the same period last year, which excludes amortization of \$3.5 million of acquisition-related intangible assets, costs of \$771,000 related to the integration of Giga Information Group, Inc., and a net write-down of \$572,000 related to impairments of certain non-marketable investments, and a pro forma effective tax rate of 35 percent.

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

"Forrester's financial performance continued to improve in the second quarter," said George F. Colony, chairman of the board and chief executive officer. "Our client and dollar retention rates are up, back to our target ranges. Product innovations and enhancements are gaining traction, and technology spending is increasing at a moderate pace. Overall, our second quarter results position us well for the second half of 2004."

Forrester Debuts Two New Products

Also today, the company announced Forrester's Ultimate Consumer Panel(TM) (Ultimate), an innovative, opt-in, highly secure consumer data panel. Ultimate electronically captures online and offline behavior from a representative group of more than 10,000 US households. Clients including MasterCard, Wells Fargo & Company, and Household Credit Card Services use Ultimate data and analysis to better understand current and prospective customers, tailor marketing strategies and messages, predict adoption for new products and services, and gain intelligence on their market landscapes. See

separate press release at:

<http://www.forrester.com/ER/Press/Release/0,1769,931,FF.html>

The Forrester Oval Program(TM) (executive membership offering) today introduced three new membership groups for marketing professionals. The CMO Group, Database Marketing Council, and Email Marketing Council are designed for senior marketers at business-to-consumer (B2C) companies. Clients such as Charming Shoppes, Panasonic, and Thrifty Rental Car have joined Forrester's Marketing Ovals to ensure their strategies are aligned with consumer behavior. Through these specialized marketing membership programs, Forrester helps marketing executives thrive in a world in which technology increasingly influences consumer behavior.

"Both of these new offerings - Ultimate and the Marketing Ovals -- are a natural progression for Forrester," said Colony. "For years, we have researched technology's impact on consumer behavior and advised marketing executives at our client companies. We are pleased that key \$1 billion-plus companies have already become clients of Ultimate and the Marketing Ovals."

Forrester is providing third-quarter and full-year 2004 guidance as follows:

Third-Quarter 2004 (GAAP):

- Total revenues of approximately \$32.0 million to \$34.0 million.
- Operating margin of approximately 8 percent to 10 percent.
- Interest income of approximately \$650,000.
- An effective tax rate of 33.5 percent.
- Diluted earnings per share of approximately \$0.09 to \$0.12.

Third-Quarter 2004 (Pro Forma):

Pro forma financial guidance for the third quarter of 2004 excludes amortization of acquisition-related intangible assets of approximately \$1.4 million, as well as all gains and impairment charges related to non-marketable securities.

- Pro forma operating margin of approximately 12 percent to 14 percent.
- Pro forma effective tax rate of 35 percent, which varies from our actual effective tax rate of 33.5 percent due to our tax-free interest income decreasing as a percentage of our pro forma pre-tax income.
- Pro forma diluted earnings per share of approximately \$0.13 to \$0.15.

Full-Year 2004 (GAAP):

- Total revenues of approximately \$133.0 million to \$138.0 million.
- Operating margin of approximately 0 percent to 2 percent.
- Interest income of approximately \$2.7 million to \$2.8 million.
- An effective tax rate of 33.5 percent.
- Diluted earnings per share of approximately \$0.10 to \$0.14.

Full-Year 2004 (Pro Forma):

Pro forma financial guidance for full-year 2004 excludes amortization of acquisition-related intangible assets of approximately \$6.5 million, all gains and impairment charges related to non-marketable securities, and reorganization and integration charges of approximately \$8.8 million.

- Pro forma operating margin of approximately 11 percent to 13 percent.
- Pro forma effective tax rate of 35 percent, which varies from our actual effective tax rate of 33.5 percent due to our tax-free interest income decreasing as a percentage of our pro forma pre-tax income.

-- Pro forma diluted earnings per share of approximately \$0.52 to \$0.57.

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

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, Forrester's financial and operating targets for the second quarter of and full-year 2004, statements about the potential success of product offerings, the ability to achieve all of the anticipated benefits from the acquisition of Giga Information Group, the amount of the charge and any cost savings related to reductions in force and associated actions, and the ability of Forrester to achieve success as the economy improves. These statements are based on Forrester's current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, Forrester's ability to anticipate business and economic conditions, market trends, competition, the ability to attract and retain professional staff, possible variations in Forrester's quarterly operating results, risks associated with Forrester's ability to offer new products and services, the actual amount of the charge and any cost savings related to reductions in force and associated actions, and Forrester's dependence on renewals of its membership-based research services and on key personnel. Forrester undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information, please refer to Forrester's reports and filings with the Securities and Exchange Commission.

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

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Forrester Research, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

	Three months ended		Six months ended	
	June 30, 2004	2003	June 30, 2004	2003
	(Unaudited)		(Unaudited)	
Revenues				
Research services	\$23,046	\$25,865	\$46,035	\$44,371
Advisory services and other	11,875	8,113	20,615	14,089
Total revenues	34,921	33,978	66,650	58,460
Operating expenses				
Cost of services and fulfillment	14,377	14,330	27,516	23,855
Selling and marketing	11,605	11,022	22,665	18,774
General and administrative	3,985	3,781	7,396	7,058
Depreciation and amortization	1,026	1,839	2,057	3,532
Amortization of intangible assets	1,384	2,608	3,728	3,532
Reorganization costs	6,794	-	8,751	-
Integration costs	-	740	-	771

Total operating expenses	39,171	34,320	72,113	57,522
(Loss) income from operations	(4,250)	(342)	(5,463)	938
Other income, net	662	819	1,488	2,414
Non-marketable investment gains (impairments)	57	(272)	57	(572)
	-----	-----	-----	-----
(Loss) income before income taxes	(3,531)	205	(3,918)	2,780
Income tax (benefit) provision	(1,183)	64	(1,313)	862
	-----	-----	-----	-----
Net (loss) income	<u>\$ (2,348)</u>	<u>\$ 141</u>	<u>\$ (2,605)</u>	<u>\$ 1,918</u>
	=====	=====	=====	=====
Diluted (loss) earnings per share	<u>\$ (0.11)</u>	<u>\$ 0.01</u>	<u>\$ (0.12)</u>	<u>\$ 0.08</u>
	=====	=====	=====	=====
Diluted weighted average shares outstanding	<u>22,074</u>	<u>22,718</u>	<u>22,165</u>	<u>22,819</u>
	=====	=====	=====	=====
Basic (loss) earnings per share	<u>\$ (0.11)</u>	<u>\$ 0.01</u>	<u>\$ (0.12)</u>	<u>\$ 0.08</u>
	=====	=====	=====	=====
Basic weighted average shares outstanding	<u>22,074</u>	<u>22,515</u>	<u>22,165</u>	<u>22,627</u>
	=====	=====	=====	=====
Pro forma data (1):				
(Loss) income from operations	\$ (4,250)	\$ (342)	\$ (5,463)	\$ 938
Amortization of intangible assets	1,384	2,608	3,728	3,532
Reorganization costs	6,794	-	8,751	-
Integration costs	-	740	-	771
	-----	-----	-----	-----
Pro forma income from operations	3,928	3,006	7,016	5,241
Other income, net	662	819	1,488	2,414
	-----	-----	-----	-----
Pro forma income before income taxes	4,590	3,825	8,504	7,655
Pro forma income tax provision	1,607	1,339	2,977	2,679
	-----	-----	-----	-----
Pro forma net income	<u>\$ 2,983</u>	<u>\$ 2,486</u>	<u>\$ 5,527</u>	<u>\$ 4,976</u>
	=====	=====	=====	=====
Pro forma diluted earnings per share	<u>\$ 0.13</u>	<u>\$ 0.11</u>	<u>\$ 0.24</u>	<u>\$ 0.22</u>
	=====	=====	=====	=====
Diluted weighted average shares outstanding	<u>22,614</u>	<u>22,718</u>	<u>22,693</u>	<u>22,819</u>
	=====	=====	=====	=====

(1) The pro forma data excludes amortization of intangibles and other integration costs related to acquisitions, reorganization costs and gains and impairments related to non-marketable investments, as well as their related tax effects. This does not purport to be prepared in accordance with Generally Accepted Accounting Principles.

	June 30, 2004	Dec. 31, 2003
	-----	-----
	(Unaudited)	
Assets:		
Cash and cash equivalents	\$46,068	\$22,385
Marketable securities	79,025	104,348
Accounts receivable, net	26,059	40,013
Deferred commissions	5,451	5,999
Prepaid expenses and other current assets	8,206	7,079
	-----	-----
Total current assets	164,809	179,824
Property and equipment, net	5,618	8,266
Goodwill, net	56,894	57,006
Intangible assets, net	9,731	13,456
Deferred income taxes	40,590	40,159
Non-marketable investments and other assets	13,989	12,264
	-----	-----
Total assets	\$291,631	\$310,975
	=====	=====
Liabilities and stockholders' equity:		
Accounts payable	\$2,950	\$2,566
Accrued expenses	25,976	31,457
Deferred revenue	63,891	68,630
	-----	-----
Total liabilities	92,817	102,653
Preferred stock	-	-
Common stock	245	243
Additional paid-in capital	177,688	172,523
Retained earnings	64,340	66,945
Treasury stock, at cost	(41,478)	(30,300)
Accumulated other comprehensive loss	(1,981)	(1,089)
	-----	-----
Total stockholders' equity	198,814	208,322
	-----	-----
Total liabilities and stockholders' equity	\$291,631	\$310,975
	=====	=====

Forrester Research, Inc.
Consolidated Statements Cash Flows

(In thousands)

	Six months ended June 30,	
	2004	2003
	-----	-----
	(Unaudited)	
Cash flows from operations:		
Net (loss) income	\$(2,605)	\$1,918
Adjustments to reconcile net (loss) income to net cash provided by operating activities -		
Depreciation	2,057	3,532
Amortization of intangible assets	3,728	3,532
Non-marketable investments (gains) impairments	(57)	572
Loss on disposal of property and equipment	-	-
Realized gain on sale of securities	-	(509)
Tax benefit from stock options	238	155
Deferred income taxes	(2)	793
Non-cash reorganization costs	1,844	-
Increase in provision for doubtful accounts	-	-
Accretion of premiums on marketable securities	404	413
Changes in assets and liabilities, net of acquisition -		
Accounts receivable	14,785	10,534
Deferred commissions	548	(1,260)
Prepaid expenses and other current assets	(717)	1,758
Accounts payable	279	(207)
Accrued expenses	(5,359)	(7,649)
Deferred revenue	(5,481)	(8,710)
	-----	-----
Net cash provided by operating activities	9,662	4,872
Cash flows from investing activities:		
Acquisition of Giga Information Group, Inc., net of cash acquired	-	(56,066)

Purchases of property and equipment	(1,279)	(1,017)
Purchase of non-marketable investments	(2,163)	(2,150)
Decrease in other assets	529	75
Purchase of marketable securities	(67,735)	(126,158)
Proceeds from sales and maturities of marketable securities	91,549	188,766
	-----	-----
Net cash provided by investing activities	20,901	3,450
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock option plans and employee stock purchase plan	2,350	1,457
Acquisition of treasury shares	(9,178)	(5,295)
Structured stock repurchase	54	(1,892)
	-----	-----
Net cash used in financing activities	(6,774)	(5,730)
Effect of exchange rate changes on cash and cash equivalents	(106)	(190)
	-----	-----
Net increase in cash and cash equivalents	23,683	2,402
Cash and cash equivalents, beginning of period	22,385	11,479
	-----	-----
Cash and cash equivalents, end of period	<u>\$46,068</u>	<u>\$13,881</u>

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