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PRESENTATION

Operator

Good afternoon, and thank you for standing by. Welcome to Forrester's fourth quarter and full year 2025 conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to turn the conference over to Vice President of Corporate Development and Investor Relations, Ed Bryce Morris. Please go ahead.

Edward Morris - *Forrester Research Inc - Vice President of Corporate Development and Investor Relations*

Thank you, and hello, everyone. Thanks for joining today's call. Earlier this afternoon, we issued our press release for the fourth quarter and full year 2025. If you need a copy, you can find one on our website in the Investors section. Here with us today to discuss our results are George Colony, Forrester's Chief Executive Officer and Chairman; and Chris Finn, Chief Financial Officer. Carrie Johnson, our Chief Product Officer; and Christophe Favre, our Chief Sales Officer, are also here with us for the Q&A section of the call.

Before we begin, I'd like to remind you that this call will contain 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 future activities and results of operations to be materially different from those set forth in the forward-looking statements.

Factors that could cause actual results to differ are discussed in our reports and filings with the Securities and Exchange Commission, and the company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Lastly, consistent with our previous calls, today, we are discussing our performance on an unadjusted basis, which excludes items affecting comparability. While reporting on an unadjusted basis is not in accordance with GAAP, we believe that reporting numbers on this adjusted basis provides a meaningful comparison and an appropriate basis for our discussion. You can find a detailed list of items excluded from these adjusted results in our press release.

And with that, I'll hand it over to George.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

Good afternoon, and welcome to Forrester's Q4 2025 and full year earnings call. I'm joined by our Chief Financial Officer, Chris Finn, who will provide a detailed financial update after my remarks. I'll be covering the following key themes today: one, the progress we made in 2025; two, our financial performance in Q4 and 2025; three, our focus areas for 2026.

As I look back at 2025, it is now clear that our clients are operating under a new paradigm shaped by AI. Large companies are confronted with complex buying decisions, disconnected CX journeys, and quickly changing customer behavior. At the same time, they're dealing with new technology challenges, how to implement and scale generative AI, how to ensure safe data usage with Agentic AI, and how to maximize IT investments amidst a changing buying landscape. Complexity is growing.

Forrester is uniquely positioned to help large companies navigate these problems. As I've talked about on recent investor calls, we have strongly pivoted over the last three years to align our research with the AI changes, to build AI technology for our clients and to leverage AI technology to help us create research in new ways. Simply stated, we are guiding our clients to seize the AI opportunity to win, serve, and retain their customers and to navigate the new risk landscape. True to our long-held positioning, we are researching at the intersection of business and technology where the battle for customers in the age of AI will be waged.

Last week, we saw disruption in equity markets as investors feared that AI would destroy the software industry. Will it? No. But it will spawn new technology, what we call AI computing, that will rival, and in some cases, replace the old SaaS model. It is these types of market evolutions that Forrester was built to analyze and research.

And the more disruption, the faster our business model will grow. And we are evolving that business model. Forrester has been actively embracing AI for 3.5 years, and we have offered Izola, our generative model to clients for 2.5 years. We have two development teams devoted to building our AI capabilities, and we have years of experience working with the technology and testing and learning with our clients.

In 2025, we launched a product based on AI, AI Access. In Q4, unique users of Forrester AI was up 55% year-over-year. The number of prompts was up 65% year over year. AI increases the value of our research, making it more accessible to clients and enabling them to create new and original content like a Board of Directors deck from Forrester's data and models. Having one research platform, Forrester Decisions, has given us an advantage, streamlining our AI efforts and optimizing our client experience.

Companies want their executives to be using AI in their daily work, and this has increased the attractiveness of our AI products. Before I leave an overview of 2025, I wanted to reiterate the go-forward value of Forrester in the AI era. We have three capabilities that public large language models cannot deliver: one, proprietary data; two, original ideas and analysis; and three, the ability of our clients to talk to the people that created the data and ideas and how they can be applied to the specific environments of our clients. Floating over all of this is a big word, trust. When executives work with Forrester, they know they're turning to trusted sources backed by human experts.

Turning now to our financial performance. While the future holds great promise for Forrester, we continue to work through challenges in Q4 and in the full year. In Q4, CV declined 6%, while revenue declined by 7% year-over-year. CV and revenue declines showed improvement compared with the previous quarter. Full year revenue in 2025 declined by 8% as our Research business was impacted by the final leg of our migration to Forrester Decisions.

Consulting and Events revenue were down 9% and 29%, respectively. We are repositioning these businesses in 2026, as I will cover in a few moments.

2025 free cash flow was approximately \$18 million, while retention reached 87%, up 1 point from the start of 2025. Client retention was up 3 points in Q4 and up 4 points from the start of 2025, reflecting the positive impact of our new AI Access product. Client count increased in Q4 as well, our first quarterly increase in this metric since Q4 of 2021. Our ability to offer a broader portfolio of products is helping drive

up client count. Additionally, the percentage of CV and multiyear deals increased with 72% of CV made up of multiyear deals at year-end, up from 69% in Q4 of 2024.

Finally, our new AI Access product is generating new business and showing positive forward momentum. Released in September, AI Access had over \$5 million in bookings for 2025 and will be a strong area of focus for us going forward.

I would now like to turn to 2026. Our plan is to return to CV growth in the year as we focus on 4 initiatives: one, consistent execution of our retention life cycle; two, the introduction of more product options, including embedded Forrester AI; three, a culture of growth within sales and improvements to our go-to-market execution; and finally, four, actionable all-seasons research and the production of more data. In 2024, we introduced the retention life cycle, a standard process for periodically checking in with the economic buyer of our research to ensure that we're delivering value to our customers. In September, we hired Julie Meringer, a former Forrester executive, to run customer success at the company. She is bringing more accountability, discipline and rigor to the life cycle process.

Our data shows a double-digit improvement in seat holder retention when we execute the steps in the life cycle. The data is clear. Julie and team are leading consistent execution, which will reduce client churn and downsell.

Our second initiative is on the product front. We will do two things: one, introduce more product options to fill out the portfolio; and two, expand the capabilities of Forrester AI. In 2026, we will be adding new versions of Forrester Decisions, built to enable teams of executives to work more closely together and complete corporate initiatives faster.

And we will be expanding the capabilities of Forrester AI to enhance the conversational capabilities of the model and embed it within our clients' systems. As part of this effort, we are changing the name of our flagship AI tool, Izola, to Forrester AI. This evolution reflects Forrester AI's broad range and use cases as we expand beyond question-and-answer applications, including future integrations into third-party workflows.

Our third initiative is to continue to improve our go-to-market systems and talent. This will be led by our new Chief Sales Officer, Christophe Favre. Christophe has been at Forrester for over 14 years. Early in his Forrester career, Christophe managed our international business development team, the third-party reps who sell in countries where we do not have presence.

In 2016, Christophe moved from Europe to Singapore, where he ran Forrester sales in Asia Pacific, including India. During his time there, he tripled the size of our business in that region. In 2021, he relocated to London, where he assumed management of all of Forrester's business in APAC and also in EMEA. Over the last three years, his sales regions have shown the best performance of the company and the highest net contract value increase. Christophe's plan is to create a culture of growth in sales and to sharpen sales execution.

Christophe and I have spent a lot of time over the last decade selling to prospects and clients. I have high confidence in his ability to move our sales force back into growth.

The fourth initiative of 2026 is to create research that is actionable, relevant in different business cycles and yields more data. Our clients use Forrester's research to make decisions and to take action. Our new initiative, Blueprints, gives step-by-step guidance on how to tackle key efforts that span weeks, months and quarters with reports, templates, tools, and guidance sessions plotting the best path. We will increase the volume of actionable research in 2026. The second effort is what we call Research for All Seasons.

Forrester Decisions is often used to make corporate transformations go faster and to improve their chances of success. Our challenge is ensuring that our research has increased value between transformations when companies are not in change mode. To this end, we'll be creating more content to help our clients improve their personal and professional effectiveness and to solve everyday problems that may be unconnected to broader projects. Finally, we will be investing in additional proprietary data. This will include adding new layers of B2B buyer insights and expanding the total experience index.

On February 9, we announced a restructuring affecting 8% of our employees. We made this move to align costs with revenue and to focus the company on expanding research contract value. As part of this effort, we are exiting the strategy consulting business. This business has been negatively affected by the ongoing instability of US federal government contracts and an increasingly competitive market.

Our consulting business will now consist of advisory work, our analysts doing day-long engagements with clients, and our content marketing business, the custom total economic impact and market impact reports that we produce for clients. We will continue to offer these three products as they have shown proven impact on driving NCVI.

The ongoing instability of our events portfolio has prompted us to make significant changes in that business. We've heard from event attendees that travel budgets have tightened and leaders often don't have the time to commit to three- and four-day events. Accordingly, we're moving away from longer multi-day events that require substantial travel for our clients, and we're shifting towards shorter, more intimate forums held closer to where our clients are based. In 2026, our new events format will include regional events in North America, EMEA and APAC. Our new event format will prioritize more intimate in-person connection and peer networking.

So to summarize, we are planning to return to CV growth in 2026, driven by improvements to our retention life cycle, our product portfolio, how we go to market, and our research. We are restructuring the business to more intensively focus it on growing research contract value, and we are increasing our investment in AI to ensure that our evolution to the AI research company continues apace.

I will now turn the call over to Chris Finn, who will go into more detail about our financials. Chris?

Chris Finn - Forrester Research Inc - Chief Financial Officer

Thanks, George, and good afternoon, everyone. As George discussed, we're starting to see some meaningful areas of improvement in the business. This includes early success with our new AI Access product, which had over \$5 million of bookings since its launch in September, along with an increase in the portion of CV on multiyear contracts in the prior year. We also saw client retention improve throughout the year and client count increased sequentially in the fourth quarter for the first time since late 2021. Furthermore, we delivered strong free cash flow of approximately \$18 million for the year.

We are looking to continue this momentum in 2026 with ongoing expansion of our product offering, and enhanced focus on creating actionable all-seasons data-centric research and expanding Forrester AI capabilities.

Despite this momentum, we are disappointed with Q4 and full year 2025 results. Continued macro uncertainty, the impact of the US government strategy consulting pullback, and the ongoing underperformance of our events business caused us to deliver full year 2025 results near the low end of our guidance. For the quarter, overall revenue was \$101.1 million, representing a 6% decline from Q4 2024 revenues of \$108 million. Overall revenue for the year came in at \$396.9 million, representing an 8% decline from the \$432.5 million we generated in 2024.

As we've outlined earlier this week, we have taken action to focus the business on our higher-margin subscription research CV business and to better align our cost structure with our projected revenue. We believe these steps will help to accelerate our return to CV growth.

I'll now provide some additional details regarding these actions, which are mainly focused on changing the way we operate our consulting and events businesses. In consulting, we plan to sunset the strategy consulting business line in early 2026. This business line saw a major decline in its US government business last year, along with other ongoing macro-related challenges, which resulted in a greater than 50% decline in strategy consulting bookings in 2025. We do not foresee the business environment for strategy consulting improving in the near term. We will continue to execute our existing backlog through 2026, but we will not sell new strategy consulting engagements going forward.

We are also making significant changes to how we deliver events in 2026, as George just outlined. In terms of headcount impact from these changes, along with other efficiency programs we're executing, we have reduced our workforce by approximately 8%. We expect to incur

approximately \$13.5 million to \$14 million of costs for these actions, including \$9.9 million that was recognized during the fourth quarter. We plan to use a portion of the cost savings to fund focused investments in AI to take advantage of our unique position in this growth opportunity. In terms of segment results for the quarter, please note that we have recast our CV metric for our 2026 planned foreign currency rates.

We've included the historical recast CV metrics going back to Q4 of 2023 on the Investor Relations section of our website. For the research segment, CV came in at \$292.4 million on December 31, 2025. This is a 6% decline from December 2024, which is a modest improvement from the prior quarter decline of 7%. The decrease in CV was largely due to low wallet retention, primarily driven by lower enrichment numbers. Wallet retention has slowly improved throughout the year and now sits at 87%.

We have initiatives in place to accelerate this improvement in 2026. As George outlined, sales and customer success are laser-focused on the execution of the key client engagement steps needed to drive up retention. In addition, new business has seen some improvement from the prior year. We believe this improvement will continue based on the initial success of AI Access and additional product launches we have on the road map for 2026. We saw a 4-point improvement in client retention year over year.

This helped increase client count in Q4. As discussed for new business, we see AI Access and other product enhancements contributing to ongoing improvements in client retention as we continue into 2026. The steady improvement in metrics and the initiatives we have in place gives us a positive outlook for CV performance in 2026. We expect CV to show modest growth as we exit the year.

From a revenue standpoint, our research business posted revenues of \$76.6 million for the quarter and \$295.6 million for the full year. This represents declines of 4% and 7%, respectively, versus the prior year periods. For the full year, revenue from our subscription research products was down approximately 4% as growth in Forrester Decisions was offset by declines in the final remaining cohorts of our legacy research products. Our consulting business posted revenues of \$21.8 million for the fourth quarter and \$88.2 million for the full year, representing declines of 16% and 9%, respectively, versus the prior year periods.

Despite these declines, we saw some positive trends in our consulting services in 2025. This includes consistent performance from our advisory and content marketing businesses. However, the overall performance of the consulting business was significantly impacted by the declines in strategy consulting discussed earlier.

And finally, our events business posted revenues of \$2.7 million, representing a decline of 1% compared to the fourth quarter of 2024. The comparison between the prior year was impacted by the shift of an additional event into Q4 2025. For the full year, the segment declined by 29% to \$13.1 million. This was driven materially by lower sponsorship revenue along with ticket sales.

Continuing down our P&L on an adjusted basis, operating expenses for the fourth quarter decreased by 2%, primarily driven by ongoing cost management. Specifically on headcount, for the fourth quarter, we were down 6% compared to the same period in 2024. On a full year basis, operating expenses decreased by 7%, largely driven by labor reductions and the associated compensation and benefit savings, with additional savings from other categories, including facilities expenses related to the consolidation of our real estate footprint.

Operating income decreased by 53% to \$4.2 million or 4.1% of revenue in the current quarter compared to \$8.9 million or 8.3% of revenue in the fourth quarter of 2024. On a full year basis, operating income decreased by 21% to \$30.3 million or 7.6% of revenue compared with \$38.5 million or 8.9% of revenue in 2024.

We continue to be committed to aligning our cost structure with our revenue outlook. Interest expense for the quarter was \$0.7 million, which was consistent with the fourth quarter of 2024. On a full year basis, interest expense was \$2.7 million, down from \$3 million in 2024. Finally, net income and earnings per share both decreased 53% compared to Q4 of last year, with net income at \$3.2 million and earnings per share at \$0.17 for the current quarter, compared with net income of \$6.8 million and earnings per share of \$0.36 in the fourth quarter of 2024. On a full year basis, net income decreased 21% to \$22.2 million and EPS decreased 21% to \$1.16.

Looking at our capital structure. Cash flow from operating activities for 2025 was \$21.1 million and capital expenditure was \$3 million. The positive cash flow this year was driven by strong collections and improved vendor payment terms from our procurement team. We did not pay down any debt, nor did we repurchase any shares in the quarter. We have over \$77 million of our stock repurchase authorization intact. Our balance sheet remains very strong with cash at the end of the quarter of approximately \$127.7 million and debt of only \$35 million.

Turning to guidance, starting with the top line. For 2026, we expect revenue to be \$345 million to \$360 million, or down 9% to 13% versus 2025. The revenue outlook is driven by last year's bookings decline, which hampers first half growth with better performance anticipated for the second half. As mentioned earlier, we are sunseting our strategy consulting product line. This will have a negative impact on revenue.

In addition, the reworking of our events business may pose an ongoing risk contemplated in the low end of our guidance. This guidance assumes the outlook for research to be a mid-single-digit decline, consulting to be a decline in the low 20s and events to be a decline in the high teens for the year. It should be noted that our revenue outlook puts the research portion of our business to be approaching 80% of total revenue. This is up from almost 75% in 2025. Given the actions we have taken to control costs, combined with the growth in AI investments we've highlighted, we would expect our operating margins to be in the range of 6% to 6.5% for 2026.

Interest expense is expected to be \$2.3 million for the year, and we are guiding to a full year tax rate of 29%. Taking all this into account, we would expect earnings per share to be in the range of \$0.72 to \$0.82 for the full year.

In summary, we experienced positive momentum as we exited 2025, with AI Access filling a crucial role in our product offering and additional product and Forrester AI enhancements coming in 2026, we've seen an improved outlook for our CV business. As we reshape consulting and events this year, we believe these two businesses will provide a more consistent catalyst of retention and new business for our core research offering. Our clients continue to grapple with the ever-evolving technology and AI landscape, and Forrester is uniquely positioned to meet our clients' needs because we bring a combination of proprietary ideas, data, and human experts to bear, all backed by a trusted relationship.

Thank you all for taking the time today. And with that, I will hand the call back to George.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you, Chris. To summarize, we are laser-focused on NCVI growth in 2026. Our 4 initiatives give us the best path to growth, and we will be diligently executing them throughout the year. The AI wave represents the biggest opportunity in the history of Forrester. We are on the side and by the side of our clients as they navigate these uncharted waters.

It's a very exciting time at the company. Thank you for being on the call, and I'm going to hand it back to the operator for the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Andrew Nicholas, William Blair.

Andrew Nicholas - *William Blair Capital Partners - Analyst*

First one I had or first line of question is just on the consulting restructure here. It sounds like you expect revenue to be down a little bit over 20% in '26. Can you just kind of bucket the different pieces of the business in terms of size that you are exiting versus continuing? And is that kind of mid- to high \$60s million number a good base to think of for '27 and beyond? Any more color on those decisions and those numbers would be great.

Chris Finn - *Forrester Research Inc - Chief Financial Officer*

Yes. It's Chris. Good question. Yes. So on the sunseting and strategy consulting, the revenue impact is going to be about approximately \$6 million.

And as we go forward in '26, we've got a pretty decent sized backlog of approximately \$8 million that we'll be servicing throughout the year, probably going to tail off sometime end of Q3, maybe beginning of Q4. So that's really the size of that bucket. And I think the range that you have, high 50s into low 60s is about right.

Andrew Nicholas - *William Blair Capital Partners - Analyst*

Got it. And in terms of -- just for my follow-up, in terms of contract value growth year-over-year, down 6%, can you just give me a sense or maybe add some color as to where you are seeing lower wallet retention, maybe what the reasons for cancellation are or any kind of tracking that you're doing there to figure out how much of it is macro sensitivity versus lower seats at your customers or any other reason for exiting?

Christophe Favre - *Forrester Research Inc - Chief Sales Officer*

Yes, Christophe speaking. Yes, we still see some volatility and uncertainties in the area of the US government as well as in the US business on the user side of the business. But we see also pockets of momentum in the international markets where I come from as well as a clear turnaround as well on the high-tech side.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

Andrew, government is still having an impact for us.

Operator

Anja Soderstrom, Sidoti.

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

So first, can you just elaborate a bit on the product pipeline you mentioned for the year?

Chris Finn - *Forrester Research Inc - Chief Financial Officer*

Can you repeat that?

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

Yes. Can you talk about the product pipeline?

Chris Finn - *Forrester Research Inc - Chief Financial Officer*

Product pipelines for '26?

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

Yes.

Carrie Johnson - *Forrester Research Inc - Chief Product Officer*

Anja, it's Carrie. Sort of product development, upcoming product changes, etc?

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

Yes.

Carrie Johnson - *Forrester Research Inc - Chief Product Officer*

Sure. So George alluded to some of those primarily looking to provide our clients with more ways to buy from us and then also when they purchase from us, more ways that we can be embedded in where they work. So a lot of exciting offerings to come that we'll announce this year. I'm happy to talk in depth to you a little bit more about those. But primarily, like I said, looking to capitalize on this moment where clients need advice and trusted expertise from Forrester and making sure that we are offering them ways to work with Forrester and then embedded in their day-to-day work as well.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

Anja, we have an AI -- we call it AI Surge, which is really scheduled for the first half of the year. So there's a good backlog here of product improvements and products.

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

Okay. And you talked about the conference changes to the conference schedule. What other initiatives are you taking to the conference business?

Carrie Johnson - *Forrester Research Inc - Chief Product Officer*

What was the second part of your question about conferences, Anja?

Anja Soderstrom - *Sidoti & Company LLC - Equity Analyst*

Yes. Yes, what other initiatives you're taking to improve the revenue stream from that.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

I'm not sure we're getting the answer, but the question, but -

Carrie Johnson - *Forrester Research Inc - Chief Product Officer*

Yes. I think your question is around improvements that we've made to the conference and event -- the event strategy and also the performance. So there's two key areas where we've been focused. The first, as we discussed in prior calls, is about rebuilding the sponsorship sales organization, which is a major effort of ours, and we feel that we're in a really good place there. And the second is on a new event strategy.

George and Chris both here talked about really aligning our events to -- better to align with sponsor and attendee needs. That primarily looks like smaller events closer to where our clients are. And also smaller so that folks can interact with their peers with more engagement at those events. So smaller, more localized events essentially for the year.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

I think the big innovation in 2025, Anja, was about workshops at the events, and that was -- they were massively successful in '25. You see a lot of that in 2026.

Operator

Vincent Colicchio, Barrington Research.

Vincent Colicchio - *Barrington Research Associates Inc - Analyst*

Yes, George, important question here, I think. So why the ongoing disconnect between the value of your research versus LLM models, and in terms of demand? And when do you think this may change?

Christophe Favre - *Forrester Research Inc - Chief Sales Officer*

Yes. So I'd like to give you some color here. I do not see churn as a result of AI replacements. Of course, it's come up into the sales process, but we spend a lot of time over the past months to train our sales organizations to demonstrate the value of Forrester AI Access against the large language model. And what we highlight is our Forrester AI solutions provide proprietary data, proprietary ideas supported by human experts.

And when you train your sales organizations in this way, we do not see this churn as a result of that. On contrary, what we start to see on the marketplace is a mistrust of the content provided by some of the LLM. So we do see an opportunity for Forrester that we are going to size with our new product strategy.

Vincent Colicchio - *Barrington Research Associates Inc - Analyst*

So you said mistrust of the public models?

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

Yes. It's a fun narrative, Vince. It's an easy narrative. But your bank account is never going to end up in a public model. It's just never going to happen.

And our proprietary research is never going to end up in a public model as well. And to get trusted data, to get trusted bank account, you're going to go to a private model. Like I said on the last call, but -- there's a very big misallocation of capital going on right now towards the

public models. I believe 70%, when this is all done 10 years from now, you look back, 70% of all the revenue from these models will be made in private models, not in public models. So it's a fun native.

Vincent Colicchio - *Barrington Research Associates Inc - Analyst*

That's a helpful perspective. And with the new sales leadership, will there be any change in the sales process going forward?

Christophe Favre - *Forrester Research Inc - Chief Sales Officer*

Yes. So coming from the international sales organization where we had quite a strong H2 last year. I'm applying some of the learning we had over the -- in international to the North American sales organization. So the first thing what I'm doing is reorganize our go-to-market strategy in North America to be organized around 6 industries and focus on the high potential accounts.

I want also to ensure that we develop a business development mindset, not only with the AE, but with the AM and then really sharpen on our execution on what we call the retention life cycle with my colleague of the customer success teams in order to improve our retention. We have a lot of opportunities in improving our gross productivity here in North America and returning back to growth with our new AI Access services.

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

You want to talk about the balanced scorecard as well?

Christophe Favre - *Forrester Research Inc - Chief Sales Officer*

Yes. So it's also the way we measure the sales organization. So I really believe that the sales organization needs to be measured on both sides from a quantitative side, on the pipeline, the activity that they have, but also balance with qualitative elements like pipeline conversions, velocity of the sales, the quality of the sales. So I'm implementing a new way of measuring the quality of our sales activity in order to drive faster growth in the North American business.

Vincent Colicchio - *Barrington Research Associates Inc - Analyst*

Okay. And George, how did AI Access perform versus expectations in Q4? And how is it trending in the new year?

George Colony - *Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer*

We had a meeting in September where we -- I looked at Carrie and said how many -- how much of this are we going to sell in Q4? I think we were off by 90%. We were quite conservative about it, and it was really quite surprising in Q4, the speed here. So it's interesting, Vince, because what we're finding is that companies want their executives using AI that increases the AIQ, the artificial intelligence quotient of those executives. So that's something that I didn't -- maybe you did, Carrie, but I never really calculated that as a benefit of AI Access.

But the fact that they're using AI to use us is, again, improving their AIQ. And obviously, they're able to find our data and research much faster and to create something new and original from that data. So Carrie wants to say something, maybe she --

Carrie Johnson - Forrester Research Inc - Chief Product Officer

No, no, you -- that's exactly it. We're really very pleased with the performance of the product, exceeded our expectations and a very strong pipeline coming in the year.

George Colony - Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer

I think what's awesome about this, Vince, is that we've been working with this for now 2.5 years. I mean, this is like -- this is version 11.

Chris Finn - Forrester Research Inc - Chief Financial Officer

Yes. I'd add one other thing, Vince, this is Chris. It's helping on deal cycle time as well, literally cutting it by almost 50%, which is great to see. And then the client count increase that we saw coming out of the year, it was really in two areas.

First and foremost, it was with AI Access. That was really all new clients. And we've got a big win-back campaign coming up in the first half of the year here, which we're excited about. And then the retention improvements in the core FD business from the retention life cycle work, the stuff that Julie is working on, we're already seeing it really start to take hold, which is also exciting and one of the other reasons we feel pretty good about the outlook for this year.

Vincent Colicchio - Barrington Research Associates Inc - Analyst

Why is the velocity so much faster, Christophe, for AI Access?

Christophe Favre - Forrester Research Inc - Chief Sales Officer

It's very simple. It's easier to buy and easier to sell. And I see it as an attractive value proposition, not only to grow within our existing customers, to win new customers, but we see also a very interesting change, which is winning back customers we lost over the last three years. And we win them against the competitions or against organizations, and also against organizations that want to build skills internally as opposed to outsourcing it to, for instance, consulting organizations.

Vincent Colicchio - Barrington Research Associates Inc - Analyst

Is it helping you win back some new old clients as you hoped?

Christophe Favre - Forrester Research Inc - Chief Sales Officer

Yes. And this is such -- and they are so happy when we come back with that type of value propositions, because what they are looking at is to get faster in the way they make decisions and to do it with more confidence. And this is the way we differentiate our large language model. So it's a very strong value proposition for Forrester.

Operator

And that concludes our Q&A session. At this time, I'd like to turn the conference back to Chris Finn, Chief Financial Officer, for closing remarks.

Chris Finn - Forrester Research Inc - Chief Financial Officer

Yes. Thanks, everyone, for joining us today. Once again, any follow-up questions, please reach out to myself or Ed. Thank you.

George Colony - Forrester Research Inc - Chairman of the Board, President, Chief Executive Officer

Thank you.

Operator

Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.

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