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PRESENTATION

Operator

Good afternoon, and thank you for standing by. Welcome to Forrester's Fourth Quarter and Full-Year 2022 Conference Call. (Operator Instructions)

I'd now like to turn the conference over to Vice President of Investor Relations, Tyson Seely. Please go ahead.

Tyson Seely

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 2022. If you need a copy, you can find one on our website in the Investors section.

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, further events or otherwise.

Lastly, consistent with our previous calls, today, we will be discussing our performance on an adjusted basis, which excludes items affecting comparability. While reporting on an adjusted 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 Colony, Forrester's CEO and Chairman. George?

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Thanks, Tyson, and welcome to Forrester's fourth quarter and full-year 2022 investor call. Following my update, Chris Finn, Forrester's CFO, will give a financial review of the quarter and full year. At the end of the call, I'll ask Nate Swan, Forrester's new Chief Sales Officer, to give a few remarks. We will then move on to the Q&A portion of the call joined by Carrie Johnson, our Chief Product Officer.

In the fourth quarter of 2022, Forrester's revenue increased 2% with adjusted operating margin at 9.4% and EPS at $0.45. Total CV increased 3% in the fourth quarter, down 4 points from Q3, while retention was 94%. For the full year, revenue increased 9%, adjusted operating margin was 13% and EPS grew 18%. These results were driven by healthy bookings in the first half of 2022 as well as continued close management of our cost structure in the second half of the year.

2022 was a tale of 2 cities. In the first half of the year, the company was focused on hiring employees as we look to expand contract value at rates aligned with our fast 2021 pace. At mid-year, we recognized that 3 factors were impacting our progress: one, funding and budget pressure on our smaller technology clients; 2, the impact of inflation, geopolitical uncertainty and the turbulent economy; and 3, the complexity of transitioning our clients out of legacy research products and into our new platform, Forrester Decisions.

While we had hired aggressively and built new systems to enable the company to sustain double-digit CV growth, these moves were not enough to enable us to outrun the 3 intervening factors. Subsequently, we did not achieve our bookings plans in the second half of the year and this impacted CV growth, deferred revenue, wallet retention and ultimately, revenue growth. That said, we did make progress in parts of the business that will be important drivers of growth beyond 2022, specifically Forrester Decisions.

As you all know, Forrester Decisions was launched in 2021, is our power research platform, integrating Forrester and SiriusDecisions research in one offering. It delivers vision research, strategy research and operational research to over a dozen different executive personas across technology, marketing, sales, product, customer experience and digital. To be clear, Forrester Decisions is the future of the company.

In 2022, we achieved our goal of moving approximately 1/3 of our CV to Forrester Decisions. While our overall research retained at 74%, Forrester Decisions renewed in 2022 at 89%. Client engagement is considerably higher with Forrester Decisions, on average Forrester Decisions users visit our site 50% more than users of our legacy research. And finally, clients enrich Forrester Decisions at significantly higher rates than our legacy products. In Q4, the platform had 101% wallet retention as compared to total wallet retention of 94%.

In our customer experience index, Forrester Decisions is the top-performing Forrester product, and here are a few client testimonials. From the Chief Revenue Officer of a large tech company, organizations such as ours tend to have a variety of priorities across leadership. The Forrester team provides a North Star for everyone and shows us where change is needed, from an enterprise architect and a large financial services company. In the face of budget cuts, I chose Forrester, because I found them more unbiased, more engaging and able to provide insights I can act on. I doubled down on Forrester to better my ROI.

And finally, from the chief enterprise architect at a workforce management services company, our sister company is using Forrester Decisions for a strategic initiative to enter new industries worth hundreds of millions of dollars. Forrester is definitely a major player in our success by providing market analysis, frameworks for organizations, tech recommendations and helping us avoid the wrong sub-segments. Forrester Decisions uniquely aligns technology and business leaders to accelerate growth. As examples, we closed a number of substantial deals in Q4, including a $760,000 contract with a large European bank, spanning both technology and marketing services within Forrester Decisions.

We also closed a multiyear $850,000 deal with a personal care company, encompassing our technology executive, technology architecture and delivery, security and risk and digital business and strategy services.

In addition to Forrester Decisions, 2022 was a successful year for our events business. As COVID restrictions were lifted, we hosted 11 events across the course of the year with over 5,300 paid attendees, 850 of those being C-level executives. All of these events were hosted in person via our digital platform, enabling us to reach a wider, more global audience. In the fourth quarter, we hosted 5 events with over 1,500 paid attendees. Our events business grew 139% in 2022.

Let me turn now to our outlook and thoughts on 2023. As Chris will outline in a few moments, we anticipate that 2023 like 2022, will be a tale of 2 halves. We expect pressure on our key metrics in the first half, driving declines on both the top and bottom lines before returning to growth in the second half of the year. For the full-year, we expect slight declines on our top and bottom lines.

Now as I have outlined on previous calls, we're engaged in building a contract value growth engine. This engine expands CV, which grows cash flow, which we then invest in product, sales and acquisitions. Through those investments, we further increased CV and the model propels the company forward at double-digit growth rates. Accordingly, we will pursue 3 initiatives in 2023, all pointed at driving CV growth.

We will focus on improving and enhancing Forrester Decisions as the year progresses. This will include the creation of deeper research on how executives across customer-facing functions like marketing, customer experience and digital can all align. Companies that achieve alignment grow revenue 2.4 times faster and profit 2 times faster than non-aligned organizations. Our second initiative is to increase the effectiveness of our sales force. We are entering 2023 with 436 salespeople, 89% fully ramped and these are some of the highest levels for both in the history of the company.

Nate Swan, our newly hired Chief Sales Officer is focused on 3 priorities: selling higher in our client organizations, cross-selling Forrester Decisions into new buying centers, and expanding our new business team. We are very happy to have Nate leading sales and he is already executing his plan to create a high-performance selling team. Nate brings decades of sales experience in the research industry with deep knowledge of building data-driven, repeatable, scalable selling motions. And I'll let Nate introduce himself in a few minutes.

Our third initiative is to continue to optimize our consulting and events businesses to be more potent drivers of CV. Much of this work will center on ensuring that our consulting events are augmenting and stimulating new research contracts. We're laser-focused on these 3 initiatives. By year-end, we anticipate that approximately 2/3 of our CV will be transitioned to the new product. As we progress through the year, we will provide updates on our client migration.

In summary, while 2022 was not the year that anyone planned for, we remain resolute in our mission of transitioning our clients to Forrester Decisions, the platform, which will enable the company to consistently grow contract value at double-digit rates. We remain a highly cash-generative company with a healthy balance sheet over 2,700 clients, including nearly half of the Fortune 500 and a trusted global brand. The business world remains highly dynamic. And when you overlay technology into that world, smart companies need research to understand, to compete, to grow and to differentiate. That is the long-standing and long-term megatrend that fuels our business model and drives demand in our $78 million TAM or total available market.

I will now turn the call over to Chris Finn for our financial update. Chris?

L. Christian Finn - *Forrester Research, Inc. - CFO*

Thanks, George, and thank you, everyone, for joining us this afternoon. As George discussed, our fourth quarter results were mixed. We were in line with our guide on the top line while we exceeded our guidance for adjusted operating margins and EPS. At the same time, we continue to see a few of our key metrics decline compared to the previous quarter. Before getting into our detailed fourth quarter and full-year results for 2022, I'd like to take a step back and discuss a few of the important decisions we made over the course of the past year.

As we've talked about on our recent calls, we, along with the broader market, were faced with a lot of uncertainty. Global inflation, award in Europe, FX headwinds, lingering impacts from COVID and the possibility of a recession in the U.S. Unfortunately, most of these headwinds have not abated. Fortunately though, we have taken actions to weather what's ahead and manage our P&L and drive CV growth as we exit 2023. To this end, there are 2 specific areas I will highlight, our cost management and the accelerated transition to Forrester Decisions.

Regarding cost management, as George noted, we began to tightly manage our cost structure going into the second half of the year. This culminated in a difficult decision in early 2023 to reduce approximately 4% of our workforce. This, along with ongoing prudent management across our cost base, allows us to remain agile for the year we see ahead. Further, we made the decision in mid-2022 to accelerate our CV transition to our new research platform, Forrester Decisions and announced the sunsetting of our remaining legacy products. While this has created some churn within our smaller clients, the decision to pivot more quickly on a migration efforts have begun to pay off.

I'm happy to report that we exited the fourth quarter with approximately 1/3 of our CV on the Forrester Decisions platform, representing over $113 million in contribution. Further, client and wallet retention within the Forrester Decision platform were both strong, which I'll highlight later in my comments. Given the metrics we exited 2022 with, combined with the strong client acceptance of this new platform, we have confidence in our goal of converting approximately 2/3 of CV into Forrester Decisions by year-end 2023. We still have work to do, but by managing our costs and driving the transition of Forrester Decisions, we are building a strong base on which we can grow in the years ahead.

Said another way, we continue to manage what is within our control, and at the same time, create a foundation of the business that can navigate the uncertainty in the market over the next few quarters. I will provide additional details when I discuss guidance in a moment, but let me now turn to our results for the fourth quarter and full-year 2022.

As we look at the fourth quarter, as anticipated, we continue to see our key metrics decline. Specifically, CV growth was 3% in the fourth quarter, which was down from 7% growth in the prior quarter. In addition, overall wallet retention was 94% and client retention was 74%, down 3 and 1 point, respectively, from the prior quarter. While we are not happy with these numbers, as we expressed in our third quarter call, they were not unexpected. The bright spot here though is within the Forrester Decisions platform, where these metrics were significantly higher. Specifically, wallet retention for Forrester Decisions in the fourth quarter was 101%, 7 points higher than the total portfolio number and client retention for Forrester Decisions in the fourth quarter was 89%, 15 points higher than the total portfolio number.

As we continue to migrate our legacy clients and drive additional cross-sell and upsell opportunities into the Forrester Decisions base, along with new acquisition sales in the platform, we expect our metrics to improve as far as the decisions continues to make up a larger percentage of the portfolio.

In terms of sales headcount, through the fourth quarter of 2022, we were up 11% versus the previous year with a record number of quota carriers going into the calendar year. As our sales force continues to gain experience selling Forrester Decisions, we expect productivity to accelerate in the back half of the year. This, coupled with the success of Forrester Decisions since our launch, as evidenced by the strong metrics we reported today, along with new sales leadership is a large part of what gives us confidence in our ability to drive future growth.

Moving now to the P&L. As previously mentioned, we delivered CV growth of 3% in the fourth quarter. This combined with a decline in consulting growth for the period resulted in an overall revenue growth in Q4 of 2%. For the full year, we delivered 9% revenue growth, which was fueled in part by strong CV growth in 2021 and a rebound during 2022 in our events business due to the hybrid model we continue to execute.

Specifically for the total company, we generated $136.9 million of revenue in the fourth quarter compared to $133.7 million in the prior year period. For the full year, revenue was $537.8 million compared to $494.3 million in 2021. These results include an approximately 1 point headwind from FX in both the fourth quarter and for the full year. Research revenues increased 3% in the fourth quarter of 2022 and 9% for the full year. As expected, client retention and wallet retention continued to decline quarter-over-quarter as previously noted. Regarding these declines, which we continue to expect through the first half of 2023, there are 3 specific areas to call out.

One, our sales headcount continues to build. As we mentioned on our last call, we had our highest number of ramping reps in the second half of 2022. The majority of these reps are now fully ramped, which we expect to drive growth as the year unfolds. 2, we continue to transition clients to Forrester Decisions, and this creates some churn in our legacy base. As we have discussed before, the clients we transition to the new platform spend more with us. 3, macroeconomic issues continue to remain a headwind as they are for many other companies.

Turning now to our consulting business, which posted revenues of $37.5 million in the fourth quarter of 2022 and $152.6 million for the full year, representing declines of 4% and 2%, respectively, versus the prior year periods. As we've stated before, these declines continue to be driven by a combination of our analysts shifting a portion of their focus to delivering on our CV business and the overall effect of the macroeconomic environment. And finally, our events business grew 43% in the fourth quarter to $7.2 million. For the full year, the segment was up nearly 140% to $30.7 million, driven by strong demand from attendees and sponsors and our continued hybrid approach to in-person events.

As George noted, we held 11 events with over 5,300 paid attendees. We expect to host similar sized events in 2023, but acknowledge there may be some growth challenges based on potential reductions in corporate-related travel budgets due to the ongoing macroeconomic environment.

Continuing down our P&L on an adjusted basis, operating expenses for the fourth quarter increased by 7%, largely driven by higher headcount costs. Specifically on headcount, for the fourth quarter, we were up 14% compared to the same period in 2021. On a full-year basis, operating expenses increased 9%, also largely driven by headcount. These headcount increases were materially related to our investments in our go-to-market engine and research as well as infrastructure projects to drive efficiencies in the business. These are now largely behind us.

Operating income in the fourth quarter decreased by 28% to $12.9 million or 9.4% of revenue in the current quarter compared to $17.8 million or 13.3% of revenue in the fourth quarter of 2021. On a full-year basis, operating income increased by 9% to $69.7 million or 13% of revenue compared with $64.2 million or 13% of revenue in 2021. Interest expense for the fourth quarter of 2022 was $0.7 million as compared to $1 million in the same period of 2021. On a full-year basis, interest expense was $2.5 million compared to $4.2 million in 2021. This reduction was driven by lower outstanding debt.

Finally, net income decreased 25% to $8.5 million in the fourth quarter of 2022 compared to $11.3 million in the previous year's period. EPS decreased 24% in the fourth quarter to $0.45 compared to $0.59 in the year ago quarter. On a full year basis, net income increased 17% to $47.2 million and EPS increased 18% to $2.46. Looking at our capital structure, year-to-date cash flow from operating activities was $39.4 million and capital expenditures were $5.7 million, resulting in $123.3 million of cash and investments on hand as we exited the fourth quarter. There were no debt payments or stock buybacks this quarter, leaving us with $50 million of outstanding debt and approximately $75 million of our stock repurchase authorization intact.

Let me now walk you through how we expect 2023 to unfold. While the macroeconomic outlook remains challenging, we have incorporated the following assumptions into the guidance we are providing today. Specifically, one, uncertainty in the tech sector will continue to affect us, while we have a great sales team in place and new leadership that we're confident in and believe we can manage through what is ahead, the turnover in the technology industry remains a challenge. 2, we continue to anticipate macro headwinds, including the likelihood of a recession in the first half with some improvement in the back half of the year going into 2024. 3, as we continue to transition clients to Forrester Decisions and sunset our legacy products, we expect ongoing churn with smaller clients. This will cause some of our key metrics, such as client and wallet retention to remain under pressure over the next quarter or 2, but we fully expect these to rebound later this year as we continue to grow our Forrester Decisions platform.

Putting all this together, we expect our CV growth to continue to decline through the first half of the year and begin to rebound in the second half of the year to mid-to-high single digits as we progress through our Forrester Decisions transition. As such, revenue growth should follow a similar trajectory down in the first half of the year and returning to low-single digit growth in the back half. Finally, as a reminder, from our third quarter call, starting this year, we will only provide guidance on a full-year basis, where we see appropriate, we will give color about the timing of various metrics over the course of the year. But at the end of the day, we're managing the business for the long term and we believe that providing guidance on a yearly basis aligns with that philosophy. We'll continue to provide an update on our annual outlook during our quarterly calls.

Turning to guidance, starting with the top line, for 2023, we expect revenue to be USD518 million to USD538 million or down 4% to flat growth versus 2022. This guidance assumes a low-single digit decline to flat growth over the course of the year in our research business with ramping in the back half of the year as well as modest growth in events. We expect consulting to be down slightly for the year, given the reasons I outlined previously. Given the actions we have taken to control costs, we would expect our operating margins to be in the range of 12% to 13% for 2023. Interest expense is expected to be $2.5 million for the year and we are guiding to a full-year tax rate of approximately 29%. Taking all this into account, we would expect EPS to be in the range of $2.25 to $2.45 for the full year.

We have incorporated an appropriate level of caution into our outlook, ensuring we have taken all factors whether external or internal into account. To the extent that the tech environment can rebound from where it is and where the macro environment plays out less severe than currently forecasted, there could be upside to this guidance. In summary, we continue to believe that 2023 will be another challenging year, but as we demonstrated in 2022, we have confidence in the team's ability to navigate these challenges. While we anticipate the year to be mixed with a slow start and then growth ramping in the back half, we have the right strategy and team in place to face these challenges. We continue to be excited about the ongoing migration of Forrester Decisions and the value it brings to our clients and the growth it will bring to the company in the long term.

With that, let me turn it back to George for some concluding remarks.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

To summarize today's comments, the tech slowdown, economic conditions and the transition to our new research platform dampened our growth in 2022. But we remain laser-focused on rolling out Forrester Decisions, which is fast growing, renewing at high rates with high client engagement. We expect 2023 to start slowly with improving performance in the second half of the year.

Now before we head off to Q&A, I wanted to turn the call over to Nate Swan, our new Chief Sales Officer. Nate?

Nate Swan - *Forrester Research, Inc. - Chief Sales Officer*

Thanks for the warm welcome, George, and good afternoon, everyone. I'd like to spend a few moments talking about what attracted me to Forrester as well as provide a high-level view of my philosophy and approach that I'm bringing to the sales organization. As both George and Chris have outlined, the launch of Forrester Decisions in 2021 has proven to be a great success. This platform is still in the early innings and I look forward to leading the sales force in driving this product to the next level. But it wasn't just a product portfolio that attracted me to Forrester, it was the people. Forrester has a strong leadership team in place as well as employees across the organization, who are motivated and capable of delivering growth.

Regarding my philosophy, I firmly believe that in order to be a successful growth company, we need to ensure we have high-performing sales culture with coaching and collaboration to drive better outcomes for our customers, the business and each other; creating a culture of high performance happens by having a clear customer-obsessed go-to-market strategy, which includes enablement, coaching and development plans; teaching leaders how to be great coaches with laser focus on developing and helping them win; ensuring our sales leaders are focused on controllables, specifically the inputs that are going to make our reps successful with the goal to always achieve and beat plan; enabling our sales force to call high in organizations and focus on the outcomes of executives and the companies they represent; and giving opportunities to everyone in the sales organization to grow their careers where they want to go, driving the biggest impact for themselves and the company. If they aren't successful, we won't be successful.

The team at Forrester has shown that we have a unique value proposition and go-to-market plan that has positive results for our clients. That unique value proposition has an incredible total addressable market, giving us no shortage of opportunity. As I see it, it's about understanding why we're successful in replicating those best practices around the business until they become standard practices at that scale.

In summary, Forrester's value to positively impact our customers is unique. We have untapped market opportunities to bring in new customers as well as the ability to upsell and cross-sell within our current clients. While there's work to do, the future at Forrester is bright. I'm so happy to join all Forresterites on this path forward.

Let me now hand it over to the operator for the Q&A portion of this call.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And I show our first question comes from the line of Andrew Nicholas from William Blair.

Andrew Owen Nicholas - *William Blair & Company L.L.C., Research Division - Analyst*

First question I wanted to ask was kind of on how 2022 played out. George, I think you mentioned twice the 3 factors that are impacting progress between funding pressure on smaller tech clients, the economy inflation and then the transition onto the FD platform. I'm just kind of wondering relative to where we stood 6 months ago, which of those 3 buckets have deteriorated, if any or if those factors are largely consistent with kind of how you expected them to play out? Just trying to get a sense for what ultimately unfolded over the past couple of quarters versus maybe what you expected 6 months ago?

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

So I think that -- look, nobody is paying for anything in 2022, it was a very unexpected year. It's (inaudible) we get deeper into the fourth quarter, Europe is actually beginning to improve. So I think the economic signals remain mixed but maybe a little more positive as the year ended. I think there's -- I think tech was degrading faster of those 3 factors in Q3 and Q4, we saw that in the layoffs.

Andrew Owen Nicholas - *William Blair & Company L.L.C., Research Division - Analyst*

Got it. And then, in terms of capital allocation, I apologize if I missed it in the prepared remarks, but just kind of wondering how you're viewing that for '23, looks like you still have about $50 million of debt, not sure if you have any plans to pay that down at any point, if you have prioritization of share repurchases or just kind of an update there would be great?

L. Christian Finn - *Forrester Research, Inc. - CFO*

Yes, sure. I'll take that one. So we generated a lot of cash, as you know, currently we have over $120 million of cash and investments on hand. Our priorities will remain the same really going forward from a capital allocation standpoint. One is reinvesting in the business; 2, being opportunistic and looking at value-creating acquisitions as we move forward; and then the third is paying down debt.

We're going to be a little bit more opportunistic about share buybacks, not really in the plan at this juncture, but really our priorities kind of remain the same. And to the end of -- around value-creation acquisitions, we just hired a new Head of Corporate Development, that's an area that we're going to definitely search or look harder at as we go forward certainly with values being where they are in the sector. And we do have $50 million of debt outstanding as you noted and approximately $75 million of share buyback authorization intact as we go forward here.

Operator

And I show our next question comes from the line of Anja Soderstrom from Sidoti.

Anja Marie Theresa Soderstrom - *Sidoti & Company, LLC - Senior Equity Research Analyst*

I'm just curious for -- you mentioned a couple of drivers for the year to drive the second half there, but you didn't mention anything about new products or offerings, what can we expect in terms of that and how does that play into your forecast for the year?

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

We have a very big product called Forrester Decisions, which we're very focused on. I'll let (inaudible)

Carrie Johnson Fanlo - *Forrester Research, Inc. - Chief Product Officer*

Sure. It's Carrie. As George said and as you've heard in the comments, Forrester Decisions is still our venue product offering. We're focusing all Forrester innovation in that platform, in the research and the product itself and in the value that we're driving for customers, expected to not launch many new products as we look to primarily migrate our existing customer base to Forrester Decisions. Chris mentioned that would be 2/3 by the end of the year and focusing all of our efforts there.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Yes, remember one of our major priority is enhancing that product. So we expect to put 2 or 3 very big new features into that product every year.

Anja Marie Theresa Soderstrom - *Sidoti & Company, LLC - Senior Equity Research Analyst*

And I understand that you are cutting some of your workforce, but how does that lay out for your sales team and are you still hiring and expanding there or are you just taking a step now and focusing on what you have?

Nate Swan - *Forrester Research, Inc. - Chief Sales Officer*

Yes. So from a sales force perspective, we are definitely focused on still hiring the sales (inaudible). We were up approximately 11% last year, so a double-digit growth in the sales force as George noted. We've got a record number of quota-carrying reps coming into this year and our plan is to expand, not quite double-digits more like kind of mid-single digit rates and we're really looking very hard at productivity enhancements as we go through the year, in line with our planned growth.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

So the reduction in Forrester, it didn't really -- yes, and the reduction in Forrester really did not impact the quota-carrying (inaudible) not at all, yes.

Operator

And I show our next question comes from the line of Vincent Colicchio from Barrington.

Vincent Alexander Colicchio - *Barrington Research Associates, Inc., Research Division - MD*

George, could you give us more color on the complexities involved in the transitions. I suppose, some things that had happened that were unexpected. Any color would help?

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Yes. We decided when we launched Forrester Decisions that we would continue likely products on for, I think it's going to end up in 3 years. And the complexity is primarily, as I mentioned in my remarks that, complexity was really around the smaller tech vendors and their -- they were not as prone to make the transitions as we had predicted and put in our models. So it's really our intention that you have to appreciate the problems in the tech industry generally, as in terms of funding and also venture money because much tighter is the Europe, as the Europe pushed onwards. So that's my answer, Carrie is going to give you another answer that's the primary complexity that we saw in 2022. You have another answer here?

Carrie Johnson Fanlo - *Forrester Research, Inc. - Chief Product Officer*

No, I had the same answer. Although the goal and the design of Forrester Decisions needs to go a bit higher in both our target audience and target customer base, in terms of places where we would have the opportunity to sell the new products and also cross-sell and enrich on that existing products. So we did expect some small vendor churn as a result of that, but I think the macroeconomic conditions contributed more to some of the complexity than we expected.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

I think the good news is that many of the large tech vendors are more than 50% migrated to Forrester Decisions and those are actually very complex conversations with the -- you can imagine the Microsoft's of the world, who have been buying from us, using our research in a certain way and now Forrester Decisions is a little bit, have a 50-degree pivot there. But the good news on that is those conversations are going well, and we're -- again we're 50% through those.

Vincent Alexander Colicchio - *Barrington Research Associates, Inc., Research Division - MD*

And when you -- I assume you're trying to attract new clients obviously with the FD approach, so to speak, so are you seeing -- did you hit your expectations in the quarter of signing up new FD clients, what does that look like?

Carrie Johnson Fanlo - *Forrester Research, Inc. - Chief Product Officer*

Sure. It's Carrie. We did, I mean, as you suspect the majority of Forrester Decisions sales do come from our existing base, sort of by design, but we're very pleased with our new business results over half of our new business bookings in the year or to the new platform. Very pleased with that progress as well. So we're happy with both new business and the renewable side of it.

Nate Swan - *Forrester Research, Inc. - Chief Sales Officer*

And I'd add one thing too Vince is that, remember from the sunsetting discussions that we've had this year, we are only selling new FD. So there's no longer new sales of legacy business. So we have a laser focus on new business acquisition for sure.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Yes. And this may be too much information for you but -- remember that Forrester Decisions -- I'll just look at large tech here for a moment. We are selling not -- we are selling new products into those companies primarily to their CMOs, CLOs, having customer experience. So we're attracting -- this is our, of course, our largest vertical. But in those companies, we're attracting a whole set of new executives so that's helping our business deal as well.

Operator

I'm showing no further questions in the queue at this time, I'd like to turn the call back over to management for closing remarks.

George F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Thank you, everyone for joining us this evening. The IR team, Mr. Tyson will be around this evening and tomorrow and the weeks ahead for any follow-up questions. Please feel free to reach out to us. Thank you for joining.

Operator

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