

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

FORR.OQ - Q4 2023 Forrester Research Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 08, 2024 / 9:30PM GMT

## CORPORATE PARTICIPANTS

**Ed Bryce Morris** - VP, Corporate Development & IR

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

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

**Chris Finn** Forrester Research, Inc. - CFO

## CONFERENCE CALL PARTICIPANTS

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

**Vincent Colicchio** Barrington Research

## PRESENTATION

### Operator

Good afternoon and thank you for standing by, and welcome to Forrester's third fourth quarter and full year 2023 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 address Mars. Please go ahead.

---

### Ed Bryce Morris - - VP, Corporate Development & IR

Thank you, and hello, everybody. Thanks for joining today's call. Early in this afternoon, we issued our press release for the fourth quarter and full year 2023. If you need a copy, you can find one on our website in the Investors section here with us today to discuss our results for George Colony, Forrester's Chief Executive Officer and Chairman, Nate one, Chief Sales Officer, and Chris Flynn, Chief Financial Officer, Carrie Johnson, our Chief Product Officer, is also 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 meanings 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, 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, will we be discussing our performance on an adjusted 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 meaningful comparison and an appropriate basis for our discussion. You will 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. - CEO & Chairman

Thank you for joining Forrester's Q4 and Full Year Earnings Call. Joining me today are Forrester's Chief Sales Officer, Nate Swan, and our Chief Financial Officer, Chris Finn. Following my remarks, Nate and Chris will provide sales and financial updates 2023 was the penultimate year of our Forrester Decisions transition. This change, coupled with the uncertain macroeconomic environment and technology market unevenness contributed to a challenging year for the Company, but one that we navigated and managed in my remarks, I'd like to cover four key themes. Number one, the progress we made in 2023 to our Q4 and 2023 fiscal year financial performance, three product and technology enhancements. And finally, number

four, 2024 guidance and the road ahead, we entered 2024, having achieved a major milestone in our product transition. As I've stated in previous calls, our North Star for 2023 was migrating two thirds of our contract value or ACV into the Forrester Decisions platform I'm happy to report that as of January first, 2024, we have hit that goal. While our short-term performance has certainly been impacted by this journey, we are progressing on our long-term goal of consistent contract value growth based on the Forrester Decisions platform, with the exception of a small number of accounts, we will complete the final transitional phase of this change in 2024 in 2023. We made two other strategic moves that are difficult in the short term, but will serve us well in future years. First was sharpening the target audience for Forrester Decisions. The product was built to primarily serve C-level executives and their teams in large user organizations. And our sales force is successfully pivoting to these targets selling higher and focusing on user companies with more than 1 billion of revenue allows us to land and expand across functions, ultimately making our business more resilient and scalable. The second move was the refocusing of consulting and events to help drive contract value. These non-TV businesses are becoming a smaller fraction of our overall revenue mix in 2023, 70% of total revenue was in research services, and we expect this share to increase in future years. Our contract value portfolio is more predictable, scalable and profitable. So over time, the changing mix will improve the overall quality of our business.

Turning now to our fourth quarter and full year performance, CV declined 4% in 2023. While we are not pleased with our CV growth. We did exceed consensus estimates on revenue for both Q4 and the full year, and we hit the full year consensus for operating margin and EPS in another bright spot. Q4 demonstrated the ongoing stabilization of our non-TV businesses led by content marketing. Our events business saw an annual growth in attendance with a record number of C-level executives attending our Q4 events in research, we saw Forrester Decisions. Wallet retention dipped slightly in Q4, down to 87% expanding while retention is one of our top priorities in 2020 for Nate and Chris will provide more detail on the plans to increase renewals enrichment in the year. We continue to enhance and improve our research power platform. Forrester Decisions to reiterate my remarks in previous calls, the product is successfully delivering on its value proposition of enabling business and technology executives to align plan and execute their most pressing initiatives to accelerate growth. And as an example, I was in Amsterdam in December, visiting with the Chief Marketing Officer of a major European B2B healthcare company. And he recounted how he has used our research to build the demand marketing engine of his company. He and team have used our demand marketing waterfall model to increase, generated leads, convert leads to sales opportunities and ultimately convert opportunities into closed one business. In addition, he has used our B2B marketing models and frameworks to structure the Company's marketing group and align it more closely with the sales and product organizations. We remain on our client side and by their side, in 2023 alone, we conducted approximately 15,000 guidance sessions with clients. These sessions are now more precisely focused as we debuted what we call client initiatives and outcomes in 2023 when a fortune decisions, client onboards, we document their critical priorities and what business objectives they are seeking to achieve from those priorities. These initiatives and outcomes become the fulcrum of the Forrester relationship laser, focusing our customer success managers, analysts and consultants of what our clients are trying to get done over 85% of our Forrester Decisions. Clients now work with us this way, our goal is to reach 95% by year end improvements to our research platform are driven by our Voice of the Client Program. Systematic means of testing proposed product changes with our customers in 2023. This effort yielded 6,500 client inputs originating from zero survey data user testing studies and qualitative interviews, two prominent new product features that derive from the system where our weekly client only Forrester takes the rollout of a new research team focused on high performance IT. This idea helps technology leaders better match their information technology with their business goals. And unsurprisingly, G&A was a major focus of our research in 2023 as we publish more than 80 reports on the topic, our analysts continue to look past the hype and noise in the market, providing clients with practical Gen-i guidance. In 2024, we will launch new Forrester waves focused in the generative AI market. As I stated on the Q3 conference call, Forrester's client facing generative AI tool Zola represents the most significant step forward in delivering content to our clients. Since we launched our website 30 years ago, we expanded the scope of our client beta in Q4 and plan a general release in Q1 for all Forrester Decisions, clients, cloud subscribers all as useful and fast and appreciate the tools, direct link to relevant research will, as always, focused on our clients. We are developing five other G&A tools that are built to improve internal efficiency.

I'd now like to turn to our 2024 guidance. Given the bookings challenges we encountered in 2023, we anticipate declining revenue in the upcoming year. We will continue to be diligent in controlling costs to maintain margins, laying a foundation for sustainable growth in 2025. Accordingly, the Company reduced its workforce today by 3%, a move that we do not take lightly, but which is necessary to keep expenses aligned with revenue.

Chris will provide more details on 2024 guidance in his remarks.

So to summarize, I believe the 2024, we remembered as an inflection point for Forrester as we complete our product migration and our go-to-market strategy. Overhaul technology has never been more challenging for large companies to manage a new tech area is daunting driven by generative

artificial intelligence. Forrester was built for just these types of moments when new technology arrives, our clients look to us to help them understand the future, make complex decisions, operate efficiently and win and serve their customers in new ways.

I will now turn the call over to Nate Swan, our Chief Sales Officer. Nate?

---

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

Thank you, George, and good afternoon, everyone. I'd like to spend a few minutes outlining the progress made in the last 12 months since I joined Forrester and share. What's ahead, we put in the foundation to build a high-performance sales culture and our rallying around NCBI. met contract value increase as a continuous motion to improve retention and growth.

I'd like to expand on four areas. One, building a strong sales leadership team to selling to C-level decision-makers in our ideal customer profile, three, standardizing the Forrester engagement model to drive renewals and for widening our reach within client and prospect organizations to drive growth going deeper on my first point of sales leadership throughout last year, I revamped key functions within the sales organization to improve structure, efficiency, execution and accountability. These changes include the addition of a new VP of Sales Operations and enablement, new VP of Customer Success, new VP of new business, and lastly, a new SVP of North American account management. With the exception of international leadership. Every one of my direct reports is new from 2023. They all bring proven experience, building high performance sales and service organizations. And I'm excited by the strong caliber and energy of this leadership team.

Secondly, we are focused on selling higher into the C-suite at client and prospect organizations. This is where our customer obsessed decisions are made this is where Forrester's research has the biggest impact on clients. We help business and technology leaders online and grow their businesses. And we've made good progress this year with coaching training and enablement support of our salespeople calling on more senior executives. Approximately 70% of Forrester Decisions. Seat holders are at the director level and above, which is significantly higher than our heritage products. Thirdly, we are maturing and standardizing our approach to retention across all products and delivering world-class customer experience. The ongoing client engagement with sales, customer success and research teams includes mutually valuable cadence of meetings with clients. These help both parties stay align and ensure Forrester is focused on delivering high-value outcomes that support clients' most critical business initiatives.

Finally, sales is focused on growth and client enrichment in 2024, we will continue to realize the land and expand promise of Forrester Decisions by expanding relationships deeper within teams and cross-selling into multiple functions. Our research tools and frameworks are built to not only help executives align with their function, but across all strategic functions. We had some great wins in Q4 that demonstrate we're on the right track with our strategy of winning the leader and their teams. An IT department with a large local city government in the U.S., doubled the size of their FD. renewal, which is now valued at over 1.2 million of contract value. Cx function at a large U.S. insurer renewed its long-time relationship with Forrester into a \$1.2 million contract with lots of growth. A global consultancy renewed its relationship with Forrester across multiple geographies, growing the Forrester Decisions contract to 1.4 million, an increase of 40%. And on the new business side of the house, we have secured several new Forrester Decisions relationships over \$300,000 each. We've seen momentum, in particular with CIO.s and CSOs who need Forrester's help in navigating the JNI landscape as well as supporting high performance IT strategies that align with their tech and business strategies for growth in summary, the last year has been foundational and building high performance sales at Forrester. I'm immensely proud of the strides that we have made in the sales organization. And I look forward to executing in 2024.

Thank you very much.

And with that, I'll hand the call over to Chris.

---

**Chris Finn** - Forrester Research, Inc. - CFO

Thanks, Dave, and good afternoon, everyone. As George outlined, our fourth quarter results were challenging. However, I'm happy with the progress the company made on a number of fronts, including the evolution of the sales organization that Nate outlined, the continual improvements that

we made to the florist decision platform and the launch of our AI tool, Zola, along with the achievement of our migration goal of 66% ACV in Forrester Decisions as of January first. In addition, our financial results were in line with the midpoint of our guidance and consensus estimates. At the same time, we continue to see some of our key metrics negatively impacted by the ongoing migration and the uncertain underlying business environment.

On the topic of metrics, we want to highlight a small modification to the calculation methodology or CV metric this change is driven by desire to better align contract value with trends in the business as we complete the migration of Forrester Decisions. The larger makeup of multiyear contracts is driving the change in methodology in our historical calculations. While the ratable portion of our subscription products have been annualized, the entitlements included in the subscriptions representing approximately 10% of the subscription have been included in CV at a total value as all entitlements in the contract are available for use during an annual period through revised calculation annualizes the entitlement for contracts greater than one year. This change will create a more precise view of the trends impacting CV bookings and revenue. In addition, although we typically update our CV metrics in the first quarter, of the year for the current year's plan FX rates. We made that update this quarter in order to avoid a second change in the metric next quarter. Please note we have recast prior quarters to reflect this revised metric and further information on the change can be seen in the investor deck on our Investor Relations website.

For the quarter, overall, revenue was 118.1 million, representing a 14% decline from Q4 22 revenues of 136.9 million. Overall revenue for the year came in at 480.7 million, representing an 11% decline from the 500, 37.8 million we generated in 2022. The revenue declines for both the fourth quarter and full year were primarily driven by declines in our consulting business and declines in our research business, largely from our legacy research and reprint products in terms of segment results for the quarter. For the research segment, CV came in at 300, 32.1 million at December 31st, 2023. And this is a 4% decline from December 2022. The decrease in CV was largely due to a combination of lower enrichment of retained accounts, along with additional churn in our vendor base. We continue to analyze why certain buyers are new and enriched at lower than expected rates. And this is tied to a combination of the ongoing migration. The current buyer profile and the ongoing tech recession. As Nate mentioned in his remarks, the sales organization is very focused on expanding our reach within client organizations, and I'm confident in the team and processes that he has put in place. However, we expect both TV and wallet retention to be under pressure in 2024 as we work through the final year of the product transition and what is still a difficult economic and technology environment. We expect TV trends to turn flat to positive as we exit 2024. And although overall client count is down from the prior quarter. Forrester Decisions client count continues to grow and Forrester Decisions. Client retention remains well above overall client retention by approximately 10 points. We also achieved our migration goal as we had 215 million or 66% of CV. contracts on the Forrester Decisions platform as of January first, 2024 from a revenue standpoint, research revenues decreased 8% in the fourth quarter and 6% for the full year. For the full year, revenue from our subscription research products was down approximately 1% as growth in pharmacy decisions was offset by declines in our legacy research products. In addition, we experienced declines in reprints and our other smaller and discontinued products. Our consulting business posted revenues of \$28.3 million for the fourth quarter and \$118.2 million for the full year, representing declines of 25% and 23%, respectively versus the prior year periods. These declines were driven by similar factors. We have seen all year one, the external environment in which discretionary spending on consulting projects is meaningfully curtailed and to our internal decision, except in limited circumstances to only sell consulting to customers who have a severe relationship with Forrester.

And finally, our events business posted revenues of 4.6 million, representing a decline of 36% compared to the fourth quarter of 2022. This decrease was driven by a shift in event timing in Q4 of this year, Forrester hosted four events compared to five events in the prior year quarter. For the full year, the segment declined by 8% to 28.2 million, driven by lower sponsorship revenue.

Continuing down our P&L on an adjusted basis, operating expenses for the fourth quarter decreased by 10%, primarily driven by the restructuring plan we announced during our Q1 call. Specifically on headcount, for the fourth quarter, we were down 14% compared to same period in 2022. On a full year basis, operating expenses decreased by 8%, also largely driven by labor reductions with additional savings from other categories, including facilities and professional services fees.

Operating income decreased by 47% to \$6.8 million or 5.8% of revenue in the current quarter compared to 12.9 million or 9.4% of revenue in the fourth quarter of 2022. On a full year basis, operating income decreased by 25% to 52.3 million or 10.9% of revenue compared with 69.7 million or 13% of revenue in 2022. We continued to be committed to aligning our cost structure with our revenue outlook. Interest expense for the quarter was \$0.8 million as compared to 0.7 million in the fourth quarter of 2022. On a full year basis, interest expense was 3.1 million compared to \$2.5 million in 2022. This increase was driven by higher interest rates compared to a year ago.

Finally, net income and earnings per share decreased 44% compared to Q4 last year, with net income at \$4.8 million and earnings per share at \$0.25 for the current quarter compared with net income of 8.5 million and earnings per share of \$0.45 in the fourth quarter of 2022. On a full year basis, net income decreased 22% to 36.6 million and EPS decreased 23% to \$1.90.

Looking at our capital structure, year-to-date cash flow from operating activities was 21.7 million and capital expenditure was 5.5 million, and we had \$124.5 million of cash and investments as we exited the fourth quarter there were no debt payments or stock buybacks this quarter, leaving us with \$35 million of outstanding debt and approximately 71 million of our stock repurchase authorization intact. As we've outlined today, we have taken actions to better align our cost structure with the ongoing declines in our revenue forecast. I'll now provide some additional details regarding the restructuring we have reduced our workforce by approximately 3%, and we expect to incur approximately 7.3 million to \$7.7 million of cost for these actions, including \$700,000 that was recognized during the fourth quarter. Approximately 3.8 million of the charge is non-cash, and we plan to use a portion of the cost savings to fund focused investments across sales and customer success.

Turning to guidance, starting with the top line for 2024, we expect revenue to be 430 to 400 million were down 6% to 11% versus 2023. This guidance assumes the outlook for the research business to be a mid to high single-digit decline, a decline in our consulting business in the low to mid 10s and a decline in our events business in the mid-single digits for the year, given the actions we have taken to control costs and our ongoing focus on costs, we would expect our operating margins to be in the range of 9.5% to 10.5% for 2024. A portion of the cost savings this year are coming from non-headcount related reductions, for example, a pause on non-sales related variable compensation components. Interest expense is expected to be 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 EPS to be in the range of \$1.50 to \$1.70 for the full year.

In summary, we continue to believe that 2024 will be another challenging year as it marks the final transition in the Forrester Decisions, migration and our go-to-market refinements. As Nate outlined, we are laser focused on Forrester Decisions, retention with improvements in engagement model through retention lifecycle and targeted investments in customer success and sales. We believe these actions will pay dividends as we progress through 2024 and into 2025.

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

---

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

Thank you, Chris. To summarize, 2023 was a challenging year with internal and external factors impacting our financial performance. However, we believe in the Forrester Decisions PRODUCT our evolution into a high performance sales organization, the impact of generative AI and the research market opportunity driven by massive technology disruption. We believe 2024 will be remembered as an inflection point for Forrester. The foundational work of the year will enable us to capture a growing share of our substantial total addressable market in 2025 and beyond.

I'm going to hand the call back to the operator and we will now take questions.

---

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Anja Soderstrom, Sidoti.

---

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

Ryan, thank you for taking my questions. And I'm just curious and this set of them decline for this year, the softness for 2024? And do you attribute to just internal initiatives in terms of switching to sales decision and new clients and how much is due to the general macro environment and the maybe sales cycles being longer?

**Chris Finn** - Forrester Research, Inc. - CFO

Yes. Thanks, Andrew. This is Chris on. So this is the last phase and last year of the FT. transformation for us, you know, we've been on this journey since really August of 21, we'll relaunch the product. And so during this time, obviously, we've made some decisions along the way that we feel would benefit us in the long term, and we knew would hurt, frankly, in the short term. And so combine that with the fact that we've had a serious tech recession here over the past couple of years with a lot of layoffs at large tech companies, both vendors and users. And so, you know, I think, you know, it's hard to really pay the percentages. I would think that look, a lot of this has been kind of external environment lead driven, frankly on. And but I'd say a smaller percentage of it really is things that we've made decisions on ourselves and I frankly have elongated the transformation that we're going through. With that said, I am very confident that this is the final year. We do know that based on where we are today at 66% of CV. and FD., we're confident that we're going to get to approximately 80% by the end of the year and really be done with this transformation at this point. And the remaining part of CV is really going to be in our non-subscription, our areas around reprint. So um, we feel confident about the direction that we're going in and we do feel confident that we're going to see probably a little bit more of a decline as we go through the beginning of this year, but we're going to age 24 with CV starting to turn around and get some growth here.

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

I think the Georgia, I think the biggest surprise was the biggest surprise has been the weakness in tech over the last two years and that it's impacted us with small vendors. It's also impact us with large vendors and it gets very been very interest rate-driven, actually ventures dried up. And many of these smaller vendors are they've just cut budgets and cut people. And so that's that is definitely it is one of the major factors here now that aren't even finally involving software.

**Chris Finn** - Forrester Research, Inc. - CFO

Yes, I know the small vendor side as well. I mean, a lot of those companies have literally just gone away on. And I'd say on the larger vendor side, it's not so much churn as it is as they've made the migration over to FD. and they've had budget constraints as well.

They've reduced some of their overall spend with us, but they have not churned out unlike some of the small vendors, one of the disciplines we've developed through this period is we are we're being very, very selective in who we will take it from those smart that's small vendor group.

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

So generally we are we are we are turning away from vendors under \$50 million in size.

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

But that's something you've been doing are going to get right is Inmarsat's unit and move from the company that you that you intended to do anyway, right. Is not just the macroeconomic environment that's sort of within those out?

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

Yes.

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

And then in the interest of generative, AI. seems like that's on fire and on and how how much of that is going to be driving your growth you think and take up your sort of research resources?

---

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

The other approximately almost 100 able to sell who are spending a great deal of their time in general, a general generally, I for us, I talked about 80 reports on. I'll just I'll take a I'll estimate this number to get pretty close that it's going to be the area of 15% to 20% of our research focus to generate in 2020 for some. And it's on the minds of all of our clients was the vendors, users of all boards, Boards of Directors and has been in the higher you go in the organizations, the the more the greater magnitude of questions here on you. So this is of this. But as I said in my remarks, this what Fortune was built to do when like when there's big technology change clients or need new decision-making, they need context, they need vision to the future. And so this is a great opportunity for us.

---

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

Okay, thank you. Is the competitive landscape is there anything to call out there that's been changing?

---

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

Or I'm looking at Nate here, but from a competitive landscape?

---

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

No. I mean, I think we're we've got some we feel very confident in our in our research and our value prop proposition. Our clients are really reacting well to high performance IT. And we think our view of customer obsession and how it plays across all different functions really makes us different. So there are great providers that are out there. We have a unique perspective and our clients seem to, like our perspective and so we feel very confident in that. So I don't think competition is any more or less than a than it ever has been.

---

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

Yes, I think the biggest change here on you is it below us. There are some smaller companies who are kind of turning away from research toward toward generating leads for vendors. So that's we like that because they're essentially taking a step outside of the research business and the first wave of further away from us, we look at potash.

---

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

And in terms of globally, is there anything to call out any region that did better or worse?

---

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

Yes, we did really well on from an international standpoint, one of our best performing groups. We did well in the government sector. We've been growing pretty well in that in that marketplace and saw some really good green shoots in Q4 for the user new business team. We've got a new leader in that group and had some great focus there. And that team really delivered in Q4 and is off to a pretty good start actually in Q1 as well. So and lots of consistency, all teams are working really hard. We've just got some tougher markets in the high tech side of the house and North America is a big focus for us. Patrick is going to be a great leader for us, really bringing structure and discipline to the to the organization. And I expect the our North American team will really react well to that.



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

Okay. Thank you. And just one last one, if I may. In terms of the headcount, the 3% do you expect and they have been cutting headcount now for a couple of quarters is there more room to kind of where are you cutting? And how can you do that without jeopardizing the quality of your work?

**Chris Finn** - *Forrester Research, Inc. - CFO*

Yes. That's a good question. I'm yes, we feel like it at this point on where we're at through the labor reduction and some of the risks disproportionately impacted our consulting organization, which really was necessary to bring the resources in line with where the expectations are on the consulting business for 24. We know there were some challenges there last year, and we do expect some of those to continue into this year. And so as a percentage of headcount, most of the other business units were really well below the 3% average for the Company as we really intend to preserve resources to get back to growth later on this year.

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

Okay. Thank you. That was all for me.

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

Appreciate the time, but thanks, John.

**Operator**

Vincent Colicchio, Barrington Research.

**Vincent Colicchio** - *Barrington Research*

Yes, a question for Nate. So the up 7% of shareholders at director level and above sounds out for sorry.

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

Yes, go ahead.

**Vincent Colicchio** - *Barrington Research*

Sorry, that sounds like a pretty good data point on. Did I hear I'm not sure if I heard that in-line with your objective that you mentioned that it is in line with where we are going.

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

So we are we look at really three roles as our as our target roles to enter into a into a company. We want to be at the head of function generally at a CMO/COO. Chief Digital Officer, CSO type of role. We look at the VPs and we look at the directors, we certainly have opportunities with managers and below generally, that is going to be our team seat function that we can grow. And so what what we're looking to do as a strategy events is we want to win the leader and then we want to capture the teams underneath them. Our organizations work in a team-based function to accomplish their goals. And I think the great thing about Forrester Decisions and how we are aligned as a company is the alignment we create across the organization. So if we happen to be in with the IT organization. That was the next step might be to get over to the CX organization or the marketing

organization. We can work with all those organizations that once you don't tend to capture those deals all at one time you grow into those. But the way you capture opportunity grow the opportunities by being at the most senior level functions and by understanding what their initiatives are and delivering against those initiatives. And when you do that, clients feel very comfortable expanding and growing the relationship. So we've seen some good success in doing that. The sales organization is very excited about doing that. We've got a new sales methodology that we are in process of rolling out for the organization and we're excited about what that's going to do for us, which is really understand and align on how our clients are trying to work.

---

**Vincent Colicchio** - *Barrington Research*

So when you began this journey, if you were to know that you'd be at this level of seat seat holders at the director level or above at this point in time, I assume you'd be content with that?

---

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

Well, I don't content might be a good word, I guess are we always want to get we always want to get higher, right? If you sell to the senior most function you can sell our highest level offering, which will deliver the most value to the organization. So I think all of our salespeople want to trade to get to the top level of the organization. It's where it's where impact happens. It's where the revenue happens and it's where they can be most successful, and that's where they can help their clients. The most I'm working on those those really top initiatives that they're going on. So we are paying attention to it. We are capturing data as to where people are going and we can see on that we are improving and calling on more senior levels. So we'll continue to do that. We also know that when we call on more senior levels, we are able to sell multiyear contracts because initiatives go over multiple years. And so it's really it aligns really well with Forrester Decisions, which we've been trying to sell more multiyear, how we want to really trying to drive that number up as much as we can.

---

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

Because it's very important point here is that is that the we are selling at a higher level with Forrester Decisions than we did with legacy. That's good, but we need to get at even higher levels. Yes. So we're I'd say I'd say we're feeling good, but we're not content yet, hence a wrong word to use there yet.

---

**Vincent Colicchio** - *Barrington Research*

Yes, I think maybe I'm a senator, but more exciting to me that maybe I shouldn't be too excited. I mean, good progress but we have a ways to go.

---

**Chris Finn** - *Forrester Research, Inc. - CFO*

Yes, yes.

---

**Vincent Colicchio** - *Barrington Research*

On the small client side, are we nearing a point where there may be some stabilization in the client losses? Also how many what portion of small clients make up your total currently?

---

**Chris Finn** - *Forrester Research, Inc. - CFO*

Yes, Vince, this is Chris on. Yes, we feel like I mean, certainly this year we're going to be through most of that churn in the base from a CV perspective, our expectation in general is that we're going to get RCV from a legacy perspective down below 10% on at that point and so that's a that's a small

portion. We think we're through the majority of that. We don't really give guidance on the number, but I think based on the CV. metric that I just gave you of it being below 10%, you get a sense of kind of where it is and all of it.

---

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

I think I think Forrester Decisions has been a we have been reading, as I said, a weighting effect here because it's built for larger organizations and it's there it's a little bit more expensive so that that has also helped take smaller the smaller specialty vendors out of the mix.

---

**Vincent Colicchio** - Barrington Research

And, you know, I think most organizations, including yourselves are expecting a better IT spending year this year than last year and you're targeting larger enterprises. I just how do you square sort of your your expectation of Civitas and pickup to later in the year versus a better IT spending your I suppose it's just the vagaries of executing on a new product we're missing.

---

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

Yes. No, I think that's right, Vince. I think you know, we're probably being a little bit conservative here just because of what we came out of Q4 with and going into Q1, we are seeing some bright spots, certainly, but from a I don't want to get too excited yet we have to show that we can execute. But certainly the continued momentum around the growth on FD. arm was certainly not really important on, and we're seeing that on and you know, I'd love to see some moves obviously on interest rates. I think that will help to ARM. But I think, you know, the tech recession is still very much here, but we're starting to see some green shoots around budgets opening up and having conversations or even having conversations with our clients that were on the big vendor side, may have reduced spend during the migration over FD. They're actually coming back now and having discussions about larger contracts, which is a bright spot. So we're definitely seeing it start to open up a little bit, but our expectation is that being a little bit conservative in the first half and expect to get, you know, start to see some of that growth during the back half, especially as we exit the year.

---

**Vincent Colicchio** - Barrington Research

Okay. Thanks, guys.

---

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

Thanks, Vince for ship.

---

**Operator**

Thank you. I'm showing no further questions in the queue. At this time. I'd like to turn the call back to Mr. Chris Finn, CFO for closing remarks.

---

**Chris Finn** - Forrester Research, Inc. - CFO

Yes. Thanks, everyone, for joining the call today. We really appreciate it if you have any questions or follow-up please contact Ed or myself. Thank you.

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

Thank you.

---

**Operator**

This concludes today's conference call. Thank you for attending. You may all disconnect.

---

**DISCLAIMER**

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All Rights Reserved.