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PRESENTATION

Operator

Good afternoon, and thank you for standing by. Welcome to Forrester's First Quarter 2023 Conference Call. At this time all participants are in listen-only mode. After the speaker's presentation, there will be a question-and-answer session. Please be advised today's conference is being recorded. I would now like to turn the conference over to the 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 first quarter of 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 are George Colony, Forrester's Chief Executive Officer and Chairman; Chris Finn, Chief Financial Officer; and Nate Swan, Chief Sales Officer. Carrie Johnson, our Chief Product Officer, is 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 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 an 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 F. Colony - *Forrester Research, Inc. - Founder, Chairman, CEO & President*

Thank you, Tyson. I would like to welcome everyone to Forrester's first quarter investor call. As I noted in the 2022 Q4 presentation, the company is navigating through 2 challenges: an uncertain economy, particularly for technology and our product transition to Forrester decisions. These 2 factors are having a higher-than-expected impact in our business, and we expect that they will persist through the remainder of the year and potentially into 2024. Accordingly, we announced a restructuring today that will downsize our head count by 8%, and we are issuing new guidance for 2023, which Chris will take you through in a few moments. Despite these challenges, we remain confident in where Forrester is going. Our strategy to drive customer obsessed growth for business and technology leaders is resident with clients. We have a new product that delivers proven high value to the large companies we serve. We have over 2,600 global clients, and the brand remains well known and respected. Business and technology have never been more complex and fast moving. Our clients need Forrester's guidance and data more than ever as they seek to be increasingly digital and grapple with new technologies such as generative AI. Our team is prepared to weather the storm and get the company back on track to grow contract value.Â

I would like to review a few key numbers from the first quarter. In the first quarter of 2023, revenue declined 9%. Adjusted operating margins of 7% were down 4 points versus the prior year period and EPS was $0.27, a 40% decline from the prior year. Total contract value for the quarter was $347 million, and wallet retention declined 2 points quarter-over-quarter to 92%. Given our results, the natural question is, what has changed since we last reported. And there are 2 factors that we'll call out. Number one, since the last earnings call in February, the macroeconomic environment has worsened. In addition to the ongoing banking crisis, inflation continues to remain high and the uncertainty around the duration and depth of a potential recession has intensified. These conditions are affecting Forrester, our clients in the technology industry and our large user clients, in particular, financial services. If I had to summarize the environment, I would characterize it as a waiting game with budgets restricted and spending sitting on the sidelines. Over the last year, the technology sector has been one of the hardest hit. We saw initial rounds of layoffs in the back half of last year, and they are continuing. Now this directly affects us whether it's because a key contact has moved on, overall budgets are constrained or buying decisions are being delayed.

The second factor is the transition of our research contract value over to Forrester Decisions, an effort that has not come without pains. While this product has been well received, it is taking time to move our base to this new platform. As you will recall, 9 months ago, we made the decision to move faster on the transition based on high early adoption rates and positive client feedback. Accelerating the transition with the right decision to make, even though it is causing the delay of some renewals. And this has been compounded by my first point, we're making a transition in a time of uncertainty, we are doing 2 hard things simultaneously. So let's spend a few minutes digging deeper into the transition. As a result of the decision to move faster, we're seeing a slowdown in our new business as well as longer sales cycles overall. Now this should be temporal. Under the leadership of Nate Swan, our Chief Sales Officer, we are enabling our sales force to call hiring companies and for salespeople to more precisely articulate the value of Forrester Decisions. We're going to hear from Nate in a few moments.

Now given these challenges, why are we confident moving forward? First and foremost, we believe the Forrester Decisions holds great promise in our effort to grow contract value at double-digit rates. The metrics around the product continue to be strong, and they are outpacing metrics for our legacy research products. At 87%, client retention for Forrester Decisions is 13 points higher than our legacy products. Wallet retention for Forrester Decisions remains higher than our legacy product at 93%. Its 16 discrete services will drive cross-sell. We believe wallet retention for Forester Decisions will ultimately run above 100%. Client engagement continues to outpace our legacy research. Clients spend 35% more time on the Forrester Decisions platform. Client scoring of our guidance and inquiry sessions. These are central features of the product, is averaging 6.6 on a 7.0 scale. And these are some of the highest client satisfaction scores we've had for any Forrester product.Â

At the end of Q1, 44% of our CV has now moved over to Forrester Decisions. This is up 12 points from year-end. We have made a good start in achieving our goal of moving 2/3 of CV to Forrester Decisions by the end of the year. And a final note on Forrester Decisions, the total economic impact team at Forrester has recently completed a TEI study of the product. 46 current clients reported that Forrester Decisions has had 4 impacts on their businesses. One, it increased the success rate of transformations by 25%. Two, it speeded up transformations by 50%; three, it increased the revenue stream for new products by 4%; and four, it saved executive time. Clients report a return on investment from Forrester Decisions of 259%. This TEI study is available on the Forrester investor portal. The second reason that we remain confident despite the economic moment is that we continue to stay on offense to improve our business, and these include: one, moving our sales force to go-to-market from good to great by improving enablement, process and sales methodology. Nate will give more detail shortly, but I wanted to report that he's been an excellent add to the team, especially given his deep prior experience in the research business. His plan for leveling up sales is simple, powerful and market proven. Nate has used our reduction in force to get a head start on building an optimized sales structure.Â

Two, we are engaged in continuous innovation to improve Forrester Decisions and add new features to the product. This includes beta testing 2 new research artifacts that will be operational by the end of the second quarter. And unsurprisingly, we are investigating how we could use generative AI to make it easier for clients to access our research and data. We see this technology is a game changer for our business, unlocking higher value for our clients without requiring human intervention. Three, as I noted above with sales, we are using the restructuring to optimize research and our functional teams to put us in the best position to get the highest return from Forrester decisions. These moves include improving the client onboarding process, sunsetting noncritical products, fine-tuning marketing to drive the quality and quantity of leads and investing in better sales technology. We want to move faster and simplify the business, and we are using the restructuring to do both.Â

So in conclusion, we continue to expect 2023 to be a difficult year, not only for Forrester, but for the market and for the customers that we serve. Yet, we remain confident and we are pushing forward to build a CV growth engine that can generate double-digit growth as it did in 2021. Even in recession, companies must see the future, make better decisions and execute if they're going to win, serve and retain their customers. Forrester helps them do just that. I would now like to hand the call over to Nate Swan, Forrester's Chief Sales Officer. And following Nate's remarks, Chris Finn will give a financial update, and then we will take questions. Over to you, Nate.

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

Thanks, George, and good afternoon, everyone. I look forward to sharing my learnings from my first few months at Forrester as well as the plans we've started to implement with the sales force and where I see us continuing to evolve and develop. Let me break this into 3 parts. First is a realignment of the sales team. Second is how we're changing the way our sales teams call on customers. And third is the people that will help enable and drive all of this. Starting first with our realignment. We are and have been taking actions to allow us to refine our go-to-market strategy and focus on high-value Forrester Decisions services that deliver tremendous outcomes for our customers. As part of this, we are laying the groundwork to create new vertical sales teams within the organization. In addition, we are creating dedicated leadership to service our regions, North America, Europe and APAC. We are also creating a dedicated new business role to focus on user and vendor opportunities. Finally, I've hired a senior government sales leader that will help us capture that opportunity. These changes will create efficiencies, better enablement and expertise within our team.Â

As George mentioned on last quarter's call, the company spent the first half of 2022 aggressively hiring to drive CV. As the technology sector has continued to slow with multiple waves of layoffs, we have made the difficult decision to realign our sales force and cost structure with our expectations. These are obviously never easy decisions, but I'm confident we have the right team in place to deliver on our commitment. We've reduced quota-bearing headcount by approximately 14% from 426 at the end of the first quarter to 365 today, which is where we were in 2021. This is better aligned with our go-to-market strategy of refocusing upmarket on technology providers and on the end users. Second, we are optimizing the way we call on our customers. What we've learned through the transition to Forrester Decisions is that we need a new approach to enablement. We have a good sales team in place, but to take them in the organization to the next level, we need to enable them to sell higher into the C-suite. This is where customer-obsessed decisions are made, and this is where our sales organization needs to pivot. We're early in the journey of enabling our salespeople to call on these personas, and I expect we'll make good progress here this year. As a part of this, we've created a new sales center of excellence at our Cambridge, Massachusetts headquarters. While we will still recruit, develop and promote in markets around the U.S., we will emphasize hiring world-class talent in and to the greater Boston area. This will create a centralized location where our sales teams can come together to learn from our leaders as well as one another and grow into the sales team that we want to be. We have the facilities in Cambridge to support that growth, and we know there's talent in that marketplace.Â

Finally, it's our sales leadership team that will help usher Forrester into a new phase during this transition to Forrester Decisions. As I mentioned previously, we are hiring new leads for geographies and other business verticals. A key hire that we made at the end of the first quarter was the new Head of Sales Operations and Enablement. This person has many years of experience in this space, and she has been through similar transitions. This new position will help tie everything I just mentioned together. She'll help to teach and enable the sales force to sell to the C-suite, connect their priorities to great outcomes on customer obsession, simplify and measure how we're performing and build cross-functional selling. We have work to do, but this is a key position that I'm very happy we fill.Â

Let me summarize with this. My first 100 days here have been filled with change and opportunity. I remain confident in the value the sales team can drive from this organization and what Forrester Decisions can bring to our clients and future clients. With the team we have in place and the positions we are building out, I have full confidence in achieving 2/3 of CV on Forrester Decisions by the end of the year, setting the company up for a strong growth in the years ahead. I look forward to continuing to meet with all of you and sharing my thoughts on progress. Let me now hand it over to Chris to go over financials. Chris?

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

Thanks, Nate, and good afternoon, everyone. George and Nate have covered a great deal already. Today, I'd like to provide you with a detailed overview of our first quarter results, additional details on the cost reductions that we announced today and our updated guidance. Forrester is going through a major product transition during difficult economic times. Our financial performance this quarter fell short of what we expected, and our outlook for the year has softened based on our Q1 performance and increasingly difficult macroeconomic environment that we are facing. With that, today, we announced a restructuring plan that not only aligns our cost structure with our revised revenue outlook, but as noted by Nate earlier in his remarks, better aligns our organization to more efficiently go to market while creating a foundation for CV growth and margin expansion in the future. Let me now get into a detailed overview of our first quarter results.

Revenue in the first quarter was $113.7 million, representing a decline of 9% year-over-year. Total contract value for the quarter was $347 million, flat to last year, and wallet retention declined 2 points quarter-over-quarter to 92%. Regarding Forrester Decisions, client retention was 87% and low retention came in at 93% for the quarter, both down from prior quarter, but still outperforming the overall portfolio metrics. As discussed last quarter, as we continue our migration efforts, we expect overall wallet retention to be a bit lumpy, but ultimately to be consistently above 100% once we have fully through the product migration. We continue to make progress on our migration efforts with Forrester Decisions now at 44% of our total CV exiting the first quarter, up 12 points from when we last reported. Now for a deeper dive by revenue line. Research revenue came in at $80.9 million for the quarter, a decrease of 6% compared to the same period in 2022. This performance was impacted by flat growth in CV with revenue from our subscription research products growing 2%, offset by a decline in our reprint product and our other smaller and discontinued products.Â

Our CV performance was affected by both a decrease in wallet retention, which declined 11 points year-over-year, which was primarily due to lower enrichment as our dollar retention was steady and a decline in new business growth. Client retention and client count were also brought down from Q1 last year. However, as I mentioned previously, the metrics are how Forrester Decisions continue to perform above the overall portfolio numbers that we are reporting. Our consulting business posted revenues of $31.8 million in the first quarter, a decline of 17%. These declines were largely driven by macro environment impacts given everything we've mentioned previously, coupled with the ongoing focus on CV during this time frame. As part of our restructuring, we are shifting away from exclusively selling custom consulting to developing prepackaged offerings that can be sold specifically with Forester Decisions alongside our existing custom consulting. We expect this change to lead to improved product performance, client engagement and retention of force decisions. We continue to take action to organize around what our clients need and to better serve them.

And finally, in terms of our Events business, we had minimal revenue in the first quarter as we did not hold any events during the period. Let me continue down the P&L on an adjusted basis. Operating expenses for the first quarter decreased by 5%, driven by lower compensation costs, professional services, billable fees and rent, largely driven by the lower growth of the top line, operating income declined by 43% to $7.5 million or 6.6% of revenue in the current quarter compared to $13.1 million or 10.5% of revenue in the first quarter of 2022. Interest expense for the quarter was minimally higher at $0.8 million as compared to $0.6 million in the first quarter of 2022. Finally, net income decreased 40% to $5.1 million compared to $8.6 million in the previous year's period. Earnings per share decreased 40% to $0.27 compared to $0.45 in the year ago quarter. Looking at our capital structure, our first quarter cash flow from operating activities was $12.3 million and capital expenditure was $1.6 million. We paid down $15 million of debt during the quarter, leaving us with $35 million of outstanding debt. We did not repurchase any shares in the quarter, leaving us with approximately $75 million of our stock repurchase authorization intact. And we exited the quarter with $121 million of cash and investments on hand.

As we've discussed today, we have taken actions to better align our cost structure with our revenue forecast and to refine our organization to drive CV growth more efficiently and effectively. As was noted earlier, we've made changes that will improve our focus on selling to vertical markets, new business growth and selling higher in the organization along with building out a world-class sales center of excellence at our Cambridge headquarters to train and enable our sales force. I'll now provide some additional details regarding the restructuring. We have reduced our workforce by approximately 8%, along with reducing our lease footprint by closing 3 U.S. and 1 international location. In an age of hybrid work, we're moving towards larger office hubs that will be our centers for in-person collaboration, training and client work. We expect to incur approximately $10 million to $11 million of costs for these actions, including approximately $2 million of noncash charges, and we expect our structural cost savings net of reinvestment to be approximately $14 million on an annualized basis. In terms of guidance for the full year, the reduction in cost allows us to essentially maintain our margin range for 2023, while at the same time, setting us up for margin expansion once revenue growth returns. Revenue is now expected to be in the range of $475 million to $495 million. This guidance assumes a mid-to-high single-digit decline in our research business, a decline in our consulting business in the high teens a low single-digit decline in the events business for the year.Â

Operating margins are now expected to be in the range of 11.5% to 12.5%. Interest expense is expected to be approximately $3 million for the year, and we are continuing to guide for a full year tax rate of approximately 29%. Taking all of this into account, earnings per share is now expected to be in the range of $2 to $2.20. We firmly believe we have the right strategy in place. You've heard from Nate who has taken large steps in his first 100 days, and you've heard from George and myself regarding the actions we have taken over the last 2 months to better align our cost structure with our expectations. As we've outlined, our focus on CV and on our transition of Forrester Decisions continues, albeit with a challenging macroeconomic backdrop. But we're making progress against our goals. Forrester Decisions continues to grow as a percentage of CV, our key retention metrics continue to be better than the overall portfolio metrics and most importantly, client feedback remains strong. We've made difficult decisions in the past few months, but we've taken those actions in an effort to improve our performance and better prepare Forrester for what's ahead. Thank you all for taking the time today. Let me now hand it over to George for some concluding remarks before we get into Q&A.

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

Thank you, Chris. While the first quarter played out differently than we had expected, we have taken actions to position the company to return to growth. Our restructuring and line expenses was expected revenue. Under Nate's leadership, we are taking sales from good to great. And we continue to push forward to transition our clients to our power research platform, Forrester Decisions. In Forrester's 40 years in business, it has weathered a number of challenging economies and technology changes. We emerged from all of those moments as a stronger company. Through the agility and creativity of Forrester's people, we will move forward to resume growing research contract value. With that, I'm going to hand the call back to the operator, and we will take questions.

QUESTIONS AND ANSWERS

Operator

Thank you. Ladies and gentlemen, if you have a question or comment at this time (Operator Instructions).Â Our first question comes from Andrew Nicholas with William Blair.

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

George, I think you mentioned in your prepared remarks you kind of laid out the 2 major areas where things have changed since last quarter. Totally understand the macro environment. But I wanted to ask about maybe what's gotten worse on the FD transition versus a couple of months back. It seems like your expectation is still to reach 2/3 of CV growth by the end of this year. So is it just taking longer than expected? Is there more attrition than you had expected on the legacy business? Just trying to get a little bit more color on what -- on that piece of what's changed.

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

Yes. I mean, look, this transition is not going to flow in a predictable way quarter-to-quarter, Andrew. And early results were good-- results are still very good. We're renewing at higher rates, et cetera. But it's just lumpiness on this. And that's just what's happening. And I think new business is also a factor here. We're not moving as quickly with Forrester Decisions to new business. Nate's doing a lot of work here to rebuild a new business team, and that's going to help. But again, this is not going to be easily predictable. It will be lumpy quarter-by-quarter as it was.

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

Understood. And then do you think -- like does the higher ticket price on FD have anything to do with it? Or is it just more about kind of budget freezes in general?

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

I think this is not -- compared to large consulting contracts. This is not a high-priced product. But it is definitely 20% up from the legacy products. So there's a little bit of hesitancy there. But it is -- it's primarily clients holding on to, clinging on to the old -- either the SiriusDecisions or the Fortune Legacy product. And it's just taking time to move them to the new model and to help them understand the new model. By the way, the model is it's a much higher value product than either of those 2 old legacy products. So that's any other insight here, Carrie, from this?

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

No, I think you said it right. In terms of turning the new business team toward a different buyer for sure, with a new value proposition, more so even than the price point, I would say. It's a new Forrester, like George said, we're excited about what this can do and know that we'll get to our goals by the end of this year.

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

Andrew, there's a little bit of -- so for large tech companies, this is -- we are now going to market with them 2 ways. FMI is to help them with their go-to-market. But Forester Decisions is helping the CMO, the CIO, the head of sales, et cetera, in new ways, which we've really never worked with them before. So this is a -- it's a new motion with the vendors, and that's taking time for them to understand that and to understand and accept that. So that's also slowing us down a little bit.

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

Got it. No, that's all, very helpful. And then for my follow-up question, I wanted to ask on the consulting side. I think you mentioned shifting away from custom consulting, doing a little bit more in terms of packaged consulting. Can you spend a little bit more time talking about that shift? And is that the primary driver of the lower revenue expectation in consulting? Or is it macro-related?

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

Sure. This is Carrie. I would say it's twofold. We have in the last few quarters seeing slowing demand separate of the package consulting move that Chris mentioned, both in our strategy consulting and in our content marketing businesses. And this is a tough compare, by the way, to 2021 and even into the first half of 2022. So that's largely the macroeconomic conditions. And while consulting is a critical part of our business, our sales force really is laser-focused on growing CV. And we believe that this rightsizing of the consulting business that we talked about today as part of our restructuring, plus a move to these prepackaged consulting that's really more tied to Forrester Decisions and the outcomes of our clients as it relates to that. We really think that will help both drive some of the consulting business moving forward, but CV as well and, frankly, more profitably.

Operator

Our next question comes from Anja Soderstrom with Sidoti.

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

So how much do you think these headwinds are due to macro environment compared to just the internal transition to the Forrester Decision?

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

A question we ask ourselves all the time actually. I'd say it's 50-50 in that range, looking around the year heads or not. -- it's probably tap up half the environment.

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

Okay. And how -- can you just talk a little bit more in depth on how you're changing the go-to-market and how you are reaching this other C suite with the sales force you have?

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

Yes, absolutely. Great question. So I recently brought in, and this is Nate speaking, by the way. I recently brought in a new Head of Operations and Enablement and really excited about her joining the team. We are going to be very focused on enabling the team to call higher in the organization. Traditionally, with our legacy products, we did not need to get to the C-suite. We really believe that, that is where the value of this FD product is and not only where the value is, where there's a lot more money for us to expand because once you get to that level, you will then have additional opportunities with team seats and other follow-on engagements, whether it's additional seats or consulting engagements, the prepackaged engagements that Carrie was speaking to. That's a transition for our sales force. And so we need to do a better job of enabling them to have those conversations. So I'm expecting over the next 2 quarters that we will really step up our game in enabling them to have those conversations about what does it mean for a C-level executive, what's the business impact to them? What initiatives are they working on? What outcome are they looking for and they have to have confident conversations. A line that I've used in my sales career is people don't buy because they're convinced, they buy because you're convinced. And we need to work on our conviction of being able to walk into a C-suite and say, we can impact your organization, and we have a low-cost investment that is actually going to be able to do that. So I expect to see a lot of progress on that. We've got a plan that we're working on with my leadership team to roll that out. And we'll be working on that throughout the rest of Q2 and into Q3 and hopefully be able to start having some impact on that later in the year, probably at the -- in the Q3, Q4 time frame. So expecting some change from that perspective.

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

Okay. And then in terms of the headcount, where are the most of the cuts being done?

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

Yes, it's a good question. This is Chris. So as you mentioned, the reduction is about 8% overall to better align our cost structure right with the outlook for the balance of the year. Impacted areas are really materially across sales and consulting, a lesser degree against the G&A and research, especially with regard to research, though, it was a small number of roles were limited there. We're certainly well-resourced and committed to serve the needs of our clients. So we continue to have a robust research agenda and the coverage areas remain unchanged as we go forward here. as you don't really break out the numbers by functional area per se, about half of it, the restructuring was in sales. As you might recall from the last restructuring that we did back in January for the being of the year, that's part of the plan, Nate had just started with the organization, and so sales wasn't really affected at that time. So we wanted to give him some time to ramp up and really do a thorough assessment. So that's what's reflected here in the restructuring now. The rest of the restructuring, as we said, is really largely in consulting with those changes focused on the realignment selling prepackaged consulting offering alongside FD and then streamlining of our content marketing business. And then from a location perspective, about 3/4 of the restructuring was really in the U.S. and the rest of it was internationally.

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

Okay. And in regards to the $40 million in annual cost savings you're expecting, when is that going to start?

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

Yes. It starts pretty much immediately. As you can imagine, the majority of our savings are coming from labor. It's about $12 million to $14 million. And then the rest of it is coming out of rent and then a few other smaller buckets.

Operator

Our next question comes from Vincent Colicchio of Barrington Research.

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

Yes, George, I'm curious, what portion of client losses do you think are clients that are not buying into the FD provision?

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

Vincent, this is Carrie. Clients can still renew the old product this year. So I don't think that clients are necessarily opting out. They just still have the option to renew the old. We talked earlier, some of our challenges more on the new business side.

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

And another question on the client losses. Is there some sort of commonality. I know last quarter, I think you had a lot of small company clients that you lost. Is that still the case? Or is it more enterprise as well? And are there any verticals that are especially an issue?

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

Yes. Again, continuing with the small vendors. Those small vendors roll in on the tide and rollout on the tide they're currently rolling out. So -- and Forrester Decisions is really -- it's a bit more expensive for those players, and it's really designed for large user enterprises. And if you look at our go-forward Forrester is about CV, and we're about calling higher and about more users, more user enterprises. So it's -- again, to answer your question, it's mainly small vendors.

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

And what is -- what are the company's thoughts on repurchasing stock, given expected weakness ahead?

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

Yes. So that's a good question, Vincent. Our priorities are pretty much remained the same when it comes to use of cash and capital allocation, reinvesting the business, being opportunistic, creating value around looking at M&A opportunities and paying down debt. Right now, we are being just conservative and keeping powder dry as we go forward here. So we still have approximately $75 million on the stock purchase authorization. That is still very much in place, but we are not contemplating any stock repurchases at this moment.

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

And one for Nate. How would you say the morale is in the sales force? Has involuntary -- sorry, is voluntary attrition picked up? I know it's a tough environment out there, but just curious.

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

Actually, the attrition has stayed pretty good. I think the sales force is hungry to be able to be successful and looking to really figure out how they can be more successful. I think they're excited about the opportunity to learn more. I think everybody is looking to build skills. Forrester, one of the thing that really strikes me is we are a learning culture. And so people love to learn, develop and grow, and we're going to bring that culture into the sales organization. And as they learn, develop and grow, they should be more successful and make more money. And I think we all know salespeople are very coin-operated and they want to make more money, they want to be successful. So I think they're going to be all in on that. While it was a tough week for us this week. I think there are very bright roads ahead for this organization to be able to call higher and have impact and be successful. And coming out of this, they should have the opportunity to be more successful than they were coming into this week to be perfectly honest. While a very difficult day on some of this. The salespeople should earn more money coming out of this on the other side.

Operator

Again, ladies and gentlemen, if you have a question or a comment this time please press Star 1 on your telephone. And I'm not showing any further questions at this time. I'd like to turn the call back over to management for any closing remarks.

Tyson Seely

Thank you all for joining us this evening. This is Tyson. Please reach out to the IR team if you would like to have any follow-up conversations in the days and weeks ahead. And I hope you all have a nice weekend. Thank you.

Operator

Ladies and gentlemen, that conclude today's presentation. You may now disconnect, and have a wonderful day.
