FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

FOR THE QUARTERLY PERIOD ENDED September 30, 2015

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.**

COMMISSION FILE NUMBER: 000-21433

FORRESTER RESEARCH, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**04-2797789**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
60 Acorn Park Drive **CAMBRIDGE, MASSACHUSETTS**	**02140**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 613-6000

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

As of November 2, 2015 17,742,000 shares of the registrant's common stock were outstanding.

FORRESTER RESEARCH, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data, unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 45,586	$ 49,650
Marketable investments (Note 3)	58,565	54,885
Accounts receivable, net	37,379	67,429
Deferred commissions	9,332	13,754
Prepaid expenses and other current assets	21,154	22,277
Total current assets	172,016	207,995
Property and equipment, net	27,781	32,174
Goodwill	74,772	76,683
Intangible assets, net	2,591	3,382
Other assets	15,540	12,473
Total assets	$ 292,700	$ 332,707
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 595	$ 912
Accrued expenses and other current liabilities	29,641	36,217
Deferred revenue	124,195	144,568
Total current liabilities	154,431	181,697
Non-current liabilities	9,277	9,408
Total liabilities	163,708	191,105
Stockholders' Equity (Note 7):		
Preferred stock, $0.01 par value		
Authorized - 500 shares, issued and outstanding - none	—	—
Common stock, $0.01 par value		
Authorized - 125,000 shares		
Issued - 21,046 and 20,856 as of September 30, 2015 and December 31, 2014, respectively		
Outstanding 17,808 and 18,153 as of September 30, 2015 and December 31, 2014, respectively	210	209
Additional paid-in capital	132,172	124,942
Retained earnings	118,131	117,318
Treasury stock - 3,238 and 2,703 as of September 30, 2015 and December 31, 2014, respectively, at cost	(117,893)	(99,254)
Accumulated other comprehensive loss	(3,628)	(1,613)
Total stockholders’ equity	128,992	141,602
Total liabilities and stockholders’ equity	$ 292,700	$ 332,707

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Research services	$ 52,205	$ 50,622	$ 156,667	$ 153,737
Advisory services and events	22,548	24,741	76,084	77,644
Total revenues	74,753	75,363	232,751	231,381
Operating expenses:				
Cost of services and fulfillment	29,222	30,105	92,543	93,143
Selling and marketing	27,460	27,677	85,572	86,190
General and administrative	9,530	10,023	28,564	29,365
Depreciation	2,048	2,174	6,251	7,236
Amortization of intangible assets	224	530	669	1,605
Reorganization costs (credits)	928	(71)	4,433	1,817
Total operating expenses	69,412	70,438	218,032	219,356
Income from operations	5,341	4,925	14,719	12,025
Other income, net	159	232	342	247
Gains (losses) on investments, net	245	(105)	236	(25)
Income before income taxes	5,745	5,052	15,297	12,247
Income tax provision	1,295	2,009	5,321	4,981
Net income	$ 4,450	$ 3,043	$ 9,976	$ 7,266
Basic income per common share	$ 0.25	$ 0.17	$ 0.55	$ 0.38
Diluted income per common share	$ 0.25	$ 0.16	$ 0.55	$ 0.38
Basic weighted average common shares outstanding	17,892	18,287	17,986	18,886
Diluted weighted average common shares outstanding	18,065	18,549	18,231	19,169
Cash dividends declared per common share	$ 0.17	$ 0.16	$ 0.51	$ 0.48

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 4,450	$ 3,043	$ 9,976	$ 7,266
Other comprehensive income (loss), net of taxes:				
Foreign currency translation	(129)	(2,333)	(2,062)	(2,394)
Net change in market value of investments	—	(59)	47	(23)
Other comprehensive loss	(129)	(2,392)	(2,015)	(2,417)
Comprehensive income	$ 4,321	$ 651	$ 7,961	$ 4,849

The accompanying notes are an integral part of these consolidated financial statements.

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	$ 9,976	$ 7,266
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and asset write-offs	6,408	7,236
Amortization of intangible assets	669	1,605
Net (gains) losses from investments	(236)	25
Deferred income taxes	(2,463)	(5,406)
Stock-based compensation	5,885	5,148
Amortization of premium on investments	556	1,048
Foreign currency losses	64	234
Changes in assets and liabilities		
Accounts receivable	29,511	37,921
Deferred commissions	4,422	3,230
Prepaid expenses and other current assets	(148)	(255)
Accounts payable	(284)	18
Accrued expenses and other liabilities	(7,115)	(7,924)
Deferred revenue	(19,027)	(22,295)
Net cash provided by operating activities	28,218	27,851
Cash flows from investing activities:		
Purchases of property and equipment	(2,316)	(1,110)
Purchases of marketable investments	(20,587)	(27,165)
Proceeds from sales and maturities of marketable investments	16,428	51,610
Other investing activity	275	1,471
Net cash provided by (used in) investing activities	(6,200)	24,806
Cash flows from financing activities:		
Dividends paid on common stock	(9,163)	(9,053)
Repurchases of common stock	(18,639)	(66,557)
Proceeds from issuance of common stock under employee equity incentive plans	2,899	6,781
Excess tax benefits from stock-based compensation	32	157
Net cash used in financing activities	(24,871)	(68,672)
Effect of exchange rate changes on cash and cash equivalents	(1,211)	(1,185)
Net decrease in cash and cash equivalents	(4,064)	(17,200)
Cash and cash equivalents, beginning of period	49,650	74,132
Cash and cash equivalents, end of period	$ 45,586	$ 56,932

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 — Interim Consolidated Financial Statements

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for reporting on Form 10-Q. Accordingly, certain information and footnote disclosures required for complete financial statements are not included herein. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. It is recommended that these financial statements be read in conjunction with the consolidated financial statements and related notes that appear in the Forrester Research, Inc. ("Forrester") Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the financial position, results of operations, comprehensive income and cash flows as of the dates and for the periods presented have been included. The results of operations for the three and nine months ended September 30, 2015 may not be indicative of the results for the year ending December 31, 2015, or any other period.

Fair Value Measurements

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities. See Note 3 – Marketable Investments for the fair value of the Company's marketable investments.

Note 2 — Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) are as follows (in thousands):

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2015	$ (74)	$ (1,539)	$ (1,613)
Foreign currency translation	—	(2,062)	(2,062)
Unrealized gain on investments, net of tax of $29	47	—	47
Balance at September 30, 2015	$ (27)	$ (3,601)	$ (3,628)

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at July 1, 2015	$ (27)	$ (3,472)	$ (3,499)
Foreign currency translation	—	(129)	(129)
Balance at September 30, 2015	$ (27)	$ (3,601)	$ (3,628)

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2014	$ 16	$ 2,438	$ 2,454
Foreign currency translation	—	(2,394)	(2,394)
Unrealized loss on investments before reclassification, net of tax of $6	(18)	—	(18)
Reclassification adjustment for net gains realized in net income, net of tax of $7	(5)	—	(5)
Balance at September 30, 2014	$ (7)	$ 44	$ 37

	Net Unrealized Gain (Loss) on Marketable Investments	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive Income (Loss)
Balance at July 1, 2014	$ 52	$ 2,377	$ 2,429
Foreign currency translation	—	(2,333)	(2,333)
Unrealized loss on investments before reclassification, net of tax of $33	(51)	—	(51)
Reclassification adjustment for net gains realized in net income, net of tax of $5	(8)	—	(8)
Balance at September 30, 2014	$ (7)	$ 44	$ 37

Reclassification adjustments for net gains (losses) are reported in gains (losses) on investments, net in the Consolidated Statements of Income.

Note 3 — Marketable Investments

The following table summarizes the Company’s marketable investments (in thousands):

	As of September 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Corporate obligations	$ 58,608	$ 15	$ (58)	$ 58,565

	As of December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Corporate obligations	$ 55,005	$ 13	$ (133)	$ 54,885

Realized gains and losses on securities are included in earnings and are determined using the specific identification method. Realized gains or losses on the sale of the Company’s corporate obligations were not material in the three and nine months ended September 30, 2015 or 2014.

The following table summarizes the maturity periods of the marketable securities in the Company’s portfolio as of September 30, 2015 (in thousands).

	FY 2015	FY 2016	FY 2017	Thereafter	Total
Corporate obligations	$ 4,501	$ 25,434	$ 23,632	$ 4,998	$ 58,565

The following table shows the gross unrealized losses and market value of Forrester's available-for-sale securities with unrealized losses that are not deemed to be other-than-temporary, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	As of September 30, 2015			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Corporate obligations	$ 24,065	$ 52	$ 2,035	$ 6

	As of December 31, 2014			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Corporate obligations	$ 38,175	$ 133	$ —	$ —

Fair Value

The Company measures certain financial assets at fair value on a recurring basis, including cash equivalents and available-for-sale securities. The fair values of these financial assets have been classified as Level 1, 2 or 3 within the fair value hierarchy as described in the accounting standards for fair value measurements.

Level 1 — Fair value based on quoted prices in active markets for identical assets or liabilities.

Level 2 — Fair value based on inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Fair value based on unobservable inputs that are supported by little or no market activity and such inputs are significant to the fair value of the assets or liabilities.

The following table represents the Company's fair value hierarchy for its financial assets (cash equivalents and investments) measured at fair value on a recurring basis (in thousands):

	As of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	$ 3,181	$ —	$ —	$ 3,181
Corporate obligations	—	58,565	—	58,565
Total	$ 3,181	$ 58,565	$ —	$ 61,746

	As of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	$ 1,794	$ —	$ —	$ 1,794
Corporate obligations	—	54,885	—	54,885
Total	$ 1,794	$ 54,885	$ —	$ 56,679

(1) Included in cash and cash equivalents.

Level 2 assets consist of the Company's entire portfolio of corporate bonds. Level 2 assets have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, typically utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation methods, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events.

Note 4 — Non-Marketable Investments

At September 30, 2015 and December 31, 2014, the carrying value of the Company's non-marketable investments, which were composed primarily of interests in technology-related private equity funds, was $3.9 million and $3.8 million, respectively, and is included in other assets in the Consolidated Balance Sheets.

One of the Company's investments, with a book value of $0.6 million and $0.7 million at September 30, 2015 and December 31, 2014, respectively, is being accounted for using the cost method and, accordingly, is valued at cost unless an other-than-temporary impairment in its value occurs. The other investments are being accounted for using the equity method as the investments are limited partnerships and the Company has an ownership interest in excess of 5% and, accordingly, the Company records its share of the investee's operating results each period. Gains and losses from non-marketable investments were insignificant during the three and nine months ended September 30, 2015 and 2014, and are included in gains (losses) on investments, net in the Consolidated Statements of Income. During the nine months ended September 30, 2015 and 2014, gross distributions of $0.1 million and $1.5 million, respectively, were received from the funds.

Note 5 — Reorganization

In the first quarter of 2015, the Company implemented a reduction in its workforce of approximately 4% of its employees across various geographies and functions, in order to reallocate investment in 2015 to planned sales expansion and to delivery areas seeing the greatest client demand. Overall the Company expects to increase its headcount by approximately 1% at the end of 2015 compared to 2014 levels. The Company recorded $3.2 million of severance and related costs for this action during the nine months ended September 30, 2015. In addition, the Company incurred $0.3 million during the nine months ended September 30, 2015 primarily for a non-cash charge for the liquidation of a small non-U.S. subsidiary. The costs under this plan are expected to be substantially paid by the end of 2015.

In the third quarter of 2015 the Company incurred $0.7 million of severance and related benefits for the reorganization of its Products Group, consisting of the termination of the chief product officer and related administrative staff, and the termination of a senior product leader with the intent to relocate this position to the U.S. The responsibilities of the former chief product officer have been assumed by the Company's chief research officer. In addition, as a result of the change in leadership in the Products Group, the Company incurred $0.2 million of expense to write off a software development project that was no longer deemed probable to be completed.

Approximately $0.5 million of the severance and related benefit costs incurred during 2015 are expected to be paid in 2016 and the remainder will be paid in 2015.

During the nine months ended September 30, 2014 the Company incurred $1.8 million of severance and related costs for the termination of approximately 1% of its employees across various geographies and functions primarily to realign resources due to the Company's new organizational structure put in place in late 2013.

The following table rolls forward the activity in the reorganization accrual for the nine months ended September 30, 2015 (in thousands):

	Workforce Reduction	Subsidiary Liquidation	Products Group Reorganization	Total
Accrual at December 31, 2014	$ 118	$ —	$ —	$ 118
Additions	3,173	334	926	4,433
Cash payments	(3,134)	—	—	(3,134)
Non-cash charge	—	(318)	(157)	(475)
Accrual at September 30, 2015	$ 157	$ 16	$ 769	$ 942

Note 6 — Net Income Per Common Share

Basic net income per common share is computed by dividing net income by the basic weighted average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the diluted weighted average number of common shares and common equivalent shares outstanding during the period. The weighted average number of common equivalent shares outstanding has been determined in accordance with the treasury-stock method. Common equivalent shares consist of common stock issuable on the exercise of outstanding options and vesting of restricted stock units when dilutive.

Basic and diluted weighted average common shares are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Basic weighted average common shares outstanding	17,892	18,287	17,986	18,886
Weighted average common equivalent shares	173	262	245	283
Diluted weighted average common shares outstanding	18,065	18,549	18,231	19,169
Options excluded from diluted weighted average share calculation as effect would have been anti-dilutive	1,503	610	1,069	591

Note 7 — Stockholders' Equity

Equity Plans

Stock option activity for the nine months ended September 30, 2015 is presented below (in thousands, except per share data):

	Number of Shares	Weighted - Average Exercise Price Per Share	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2014	1,954	$ 33.81		
Granted	450	33.74		
Exercised	(49)	29.38		
Forfeited	(111)	36.23		
Outstanding at September 30, 2015	2,244	$ 33.77	6.92	$ 2,000
Exercisable at September 30, 2015	1,132	$ 32.14	5.06	$ 1,817
Vested and expected to vest at September 30, 2015	2,114	$ 33.67	6.78	$ 1,989

Restricted stock unit activity for the nine months ended September 30, 2015 is presented below (in thousands, except per share data):

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2014	433	$ 35.64
Granted	258	31.50
Vested	(134)	35.29
Forfeited	(39)	35.45
Unvested at September 30, 2015	518	$ 33.68

Stock-Based Compensation

Forrester recognizes the fair value of stock-based compensation in net income over the requisite service period of the individual grantee, which generally equals the vesting period. Stock-based compensation was recorded in the following expense categories (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Cost of services and fulfillment	$ 1,183	$ 1,134	$ 3,218	$ 3,005
Selling and marketing	331	302	754	767
General and administrative	710	547	1,913	1,376
Total	$ 2,224	$ 1,983	$ 5,885	$ 5,148

Forrester utilizes the Black-Scholes valuation model for estimating the fair value of stock options. Options granted under the equity incentive plans and shares subject to purchase under the employee stock purchase plan were valued using the following assumptions:

	Three Months Ended September 30, 2015		Three Months Ended September 30, 2014	
	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan
Average risk-free interest rate	1.63%	0.14%	1.70%	0.06%
Expected dividend yield	2.1%	2.1%	1.8%	1.8%
Expected life	5.0 Years	0.5 Years	5.1 Years	0.5 Years
Expected volatility	24%	21%	25%	23%
Weighted average fair value	$ 6.00	$ 6.43	$ 7.68	$ 8.00

	Nine Months Ended September 30, 2015		Nine Months Ended September 30, 2014	
	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan
Average risk-free interest rate	1.60%	0.14%	1.69%	0.06%
Expected dividend yield	2.1%	2.1%	1.8%	1.8%
Expected life	5.0 Years	0.5 Years	5.1 Years	0.5 Years
Expected volatility	24%	21%	26%	23%
Weighted average fair value	$ 6.16	$ 6.43	$ 7.91	$ 8.00

Dividends

In the nine months ended September 30, 2015, the Company declared and paid dividends of $9.2 million consisting of a $0.17 per share dividend in each of the first three quarters of 2015. In the nine months ended September 30, 2014, the Company declared and paid dividends of $9.1 million consisting of a $0.16 per share dividend in each of the first three quarters of 2014. In October 2015, the Company declared a dividend of $0.17 per share payable on December 16, 2015 to shareholders of record as of December 2, 2015.

Treasury Stock

As of September 30, 2015 Forrester's Board of Directors had authorized an aggregate $460.0 million to purchase common stock under its stock repurchase program, including $25.0 million authorized in each of February and July 2015. The shares repurchased may be used, among other things, in connection with Forrester's employee and director equity incentive and purchase plans. In the three and nine months ended September 30, 2015, the Company repurchased 0.2 million shares and 0.5 million shares, respectively, of common stock at an aggregate cost of $6.9 million and $18.6 million, respectively. In the three and nine months ended September 30, 2014, the Company repurchased 0.3 million shares and 1.8 million shares, respectively, of common stock at an aggregate cost of $11.6 million and $66.6 million, respectively. From the inception of the program through September 30, 2015, Forrester repurchased 14.9 million shares of common stock at an aggregate cost of $420.9 million.

Note 8 — Income Taxes

Forrester provides for income taxes on an interim basis according to management's estimate of the effective tax rate expected to be applicable for the full fiscal year. Certain items such as changes in tax rates and tax benefits related to disqualifying dispositions of incentive stock options are treated as discrete items and are recorded in the period in which they arise.

Income tax expense for the nine months ended September 30, 2015 was $5.3 million resulting in an effective tax rate of 34.8% for the period. Income tax expense for the nine months ended September 30, 2014 was $5.0 million resulting in an effective tax rate of 40.7% for the period. The decrease in the effective tax rate for nine months ended September 30, 2015 as compared to the prior year period is primarily due to a $0.7 million tax benefit in the 2015 period related the U.S. Tax Court opinion in the "Altera" case as described below. In addition, the 2015 period includes a $0.3 million loss on the liquidation of a foreign subsidiary in the 2015 period for which a tax benefit could not be recognized, partially offset by a $0.2 million expense in the 2014 period for a U.S. state audit that did not recur in 2015.

In July 2015 the U.S. Tax Court issued an opinion in *Altera Corp. v. Commissioner* related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. The opinion invalidates part of a treasury regulation requiring stock-based compensation to be included in any qualified intercompany cost sharing arrangement. The Company has reviewed this case and concluded that recording a tax benefit of $0.7 million during the three months ended September 30, 2015 was appropriate based on the opinion in the case. The Company will continue to monitor ongoing developments and potential impacts to our consolidated financial statements.

Note 9 — Operating Segments

The Research segment includes the costs of the Company's research personnel who are responsible for writing the research and performing the webinars and inquiries for the Company's RoleView product. In addition, the research personnel deliver advisory services (such as workshops, speeches and advisory days) and a portion of the Company's project consulting services. Revenue in this segment includes only revenue from advisory services and project consulting services that are delivered by the research personnel in this segment. During 2013, the Company began to transition the delivery of project consulting to a dedicated project consulting organization. The transition was essentially complete at the end of 2014 such that the vast majority of project consulting has been and will continue to be delivered by the project consulting organization in 2015.

The Product segment includes the costs of the product management organization that is responsible for product pricing and packaging and the launch of new products. In addition, this segment includes the costs of the Company's data, Forrester Leadership Boards and events organizations. Revenue in this segment includes all revenue for the Company (including RoleView) except for revenue from advisory services and project consulting services that are delivered by personnel in the Research and Project Consulting segments.

The Project Consulting segment includes the costs of the consultants that deliver the Company's project consulting services. During 2013 the Company began to hire dedicated consultants to transition the delivery of project consulting services from research personnel (included in the Research segment) to the new Project Consulting segment. Revenue in this segment includes the project consulting revenue delivered by the consultants in this segment.

The Company evaluates reportable segment performance and allocates resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, reorganization costs and credits, other income and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	Products	Research	Project Consulting	Consolidated
Three Months Ended September 30, 2015				
Research services revenues	$ 52,205	$ —	$ —	$ 52,205
Advisory services and events revenues	2,041	9,804	10,703	22,548
Total segment revenues	54,246	9,804	10,703	74,753
Segment expenses	7,918	12,711	6,811	27,440
Contribution margin (loss)	46,328	(2,907)	3,892	47,313
Selling, marketing, administrative and other expenses				(40,820)
Amortization of intangible assets				(224)
Reorganization (costs) credits				(928)
Other income and gains (losses) on investments				404
Income before income taxes				$ 5,745

	Products	Research	Project Consulting	Consolidated
Three Months Ended September 30, 2014				
Research services revenues	$ 50,622	$ —	$ —	$ 50,622
Advisory services and events revenues	2,310	10,925	11,506	24,741
Total segment revenues	52,932	10,925	11,506	75,363
Segment expenses	8,298	13,012	7,590	28,900
Contribution margin (loss)	44,634	(2,087)	3,916	46,463
Selling, marketing, administrative and other expenses				(41,079)
Amortization of intangible assets				(530)
Reorganization (costs) credits				71
Other income and gains (losses) on investments				127
Income before income taxes				$ 5,052

	Products	Research	Project Consulting	Consolidated
Nine Months Ended September 30, 2015				
Research services revenues	$ 156,667	$ —	$ —	$ 156,667
Advisory services and events revenues	12,763	31,454	31,867	76,084
Total segment revenues	169,430	31,454	31,867	232,751
Segment expenses	27,799	38,467	20,544	86,810
Contribution margin (loss)	141,631	(7,013)	11,323	145,941
Selling, marketing, administrative and other expenses				(126,120)
Amortization of intangible assets				(669)
Reorganization (costs) credits				(4,433)
Other income and gains (losses) on investments				578
Income before income taxes				$ 15,297

	Products	Research	Project Consulting	Consolidated
Nine Months Ended September 30, 2014				
Research services revenues	$ 153,737	$ —	$ —	$ 153,737
Advisory services and events revenues	15,161	37,573	24,910	77,644
Total segment revenues	168,898	37,573	24,910	231,381
Segment expenses	28,543	40,386	19,705	88,634
Contribution margin (loss)	140,355	(2,813)	5,205	142,747
Selling, marketing, administrative and other expenses				(127,300)
Amortization of intangible assets				(1,605)
Reorganization (costs) credits				(1,817)
Other income and gains (losses) on investments				222
Income before income taxes				$ 12,247

Note 10 — Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers, which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. The new standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted for the first interim period within annual reporting periods beginning after December 15, 2016. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The Company has not yet selected a transition method and has not yet determined whether it will elect to early adopt the standard. The Company is currently evaluating the potential changes from this ASU to its future financial reporting and disclosures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This Quarterly Report on Form 10-Q contains 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. Reference is made in particular to our statements about our plans for international expansion, future dividends, future share repurchases, future growth rates, future provisioning of project consulting, anticipated increases in our sales force and headcount, the amount of cash from operations, and the adequacy of our cash, marketable investments and cash flows to satisfy our working capital and capital expenditures. These statements are based on our current plans and expectations and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual future activities and results to differ include, among others, our ability to retain and enrich memberships for our research products and services, our ability to fulfill existing or generate new project consulting engagements, technology spending, the risks and challenges inherent in international business activities, our ability to offer new products and services, our dependence on key personnel, the ability to attract and retain qualified professional staff, our ability to respond to business and economic conditions and market trends, the possibility of network disruptions and security breaches, competition and industry consolidation, our ability to enforce and protect our intellectual property rights, and possible variations in our quarterly operating results. These risks are described more completely in our Annual Report on Form 10-K for the year ended December 31, 2014. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

We derive revenues from memberships to our research and data products and services, performing advisory services and consulting projects, and hosting events. We offer contracts for our research products that are typically renewable annually and payable in advance. Research revenues are recognized as revenue ratably over the term of the contract. Accordingly, a substantial portion of our billings are initially recorded as deferred revenue. Clients purchase advisory services independently and/or to supplement their memberships to our research. Billings attributable to advisory services and consulting projects are initially recorded as deferred revenue. Advisory service revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable. Consulting project revenues, which generally are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Event billings are also initially recorded as deferred revenue and are recognized as revenue upon completion of each event.

Our primary operating expenses consist of cost of services and fulfillment, selling and marketing expenses and general and administrative expenses. Cost of services and fulfillment represents the costs associated with the production and delivery of our products and services, including salaries, bonuses, employee benefits and stock-based compensation expense for research and consulting personnel and all associated editorial, travel, and support services. Selling and marketing expenses include salaries, sales commissions, bonuses, employee benefits, stock-based compensation expense, travel expenses, promotional costs and other costs incurred in marketing and selling our products and services. General and administrative expenses include the costs of the technology, operations, finance, and human resources groups and our other administrative functions, including salaries, bonuses, employee benefits, and stock-based compensation expense. Overhead costs such as facilities and annual fees for cloud-based information technology systems are allocated to these categories according to the number of employees in each group.

Deferred revenue, agreement value, client retention, dollar retention, enrichment and number of clients are metrics we believe are important to understanding our business. We believe that the amount of deferred revenue, along with the agreement value of contracts to purchase research and advisory services, provide a significant measure of our business activity. We define these metrics as follows:

- **Deferred revenue** — billings in advance of revenue recognition as of the measurement date.
- **Agreement value** — the total revenues recognizable from all research and advisory service contracts in force at a given time (but not including advisory-only contracts), without regard to how much revenue has already been recognized.
- **Client retention** — the percentage of client companies with memberships expiring during the most recent twelve-month period that renewed one or more of those memberships during that same period.
- **Dollar retention** — the percentage of the dollar value of all client membership contracts renewed during the most recent twelve-month period to the total dollar value of all client membership contracts that expired during the period.
- **Enrichment** — the percentage of the dollar value of client membership contracts renewed during the most recent twelve-month period to the dollar value of the corresponding expiring contracts.
- **Clients** — we count as a single client the various divisions and subsidiaries of a corporate parent and we also aggregate separate instrumentalities of the federal, state, and provincial governments as a single client.

Client retention, dollar retention, and enrichment are not necessarily indicative of the rate of future retention of our revenue base. A summary of our key metrics is as follows (dollars in millions):

	As of September 30, 2015	As of September 30, 2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Deferred revenue	$ 124.2	$ 129.4	$ (5.2)	(4%)
Agreement value	$ 233.3	$ 226.9	$ 6.4	3%
Client retention	80%	76%	4	5%
Dollar retention	91%	89%	2	2%
Enrichment	97%	97%	—	—
Number of clients	2,482	2,452	30	1%

Deferred revenue at September 30, 2015 decreased 4% compared to the prior year. The decrease in deferred revenue was due in part to the difference in foreign currency rates as of September 30, 2015 compared to September 30, 2014, which resulted in a 3% decrease. After adjusting for the change in foreign currency rates, deferred revenue as of September 30, 2015 decreased approximately 1% compared to the prior year, which is reflective of the fact that revenue growth has slightly exceeded contract bookings on a trailing twelve month (constant currency) basis. Agreement value increased 3% at September 30, 2015 compared to the prior year due to increased demand for our products combined with an improvement in client and dollar retention rates during the period. Client retention and dollar retention rates have improved steadily during 2014 and through the third quarter of 2015 compared to prior year levels while enrichment rates have remained consistent.

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our policies and estimates, including but not limited to, those related to our revenue recognition, stock-based compensation, non-marketable investments, goodwill and other intangible assets, and income taxes. Management bases its estimates on historical experience, data available at the time the estimates are made and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our other critical accounting policies and estimates are described in our Annual Report on Form 10-K for the year ended December 31, 2014.

Results of Operations

The following table sets forth our statement of income as a percentage of total revenues for the periods indicated:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenues:				
Research services	69.8%	67.2%	67.3%	66.4%
Advisory services and events	30.2	32.8	32.7	33.6
Total revenues	100.0	100.0	100.0	100.0
Operating expenses:				
Cost of services and fulfillment	39.1	40.0	39.7	40.2
Selling and marketing	36.7	36.7	36.8	37.3
General and administrative	12.8	13.3	12.3	12.7
Depreciation	2.8	2.9	2.7	3.1
Amortization of intangible assets	0.3	0.7	0.3	0.7
Reorganization costs (credits)	1.2	(0.1)	1.9	0.8
Income from operations	7.1	6.5	6.3	5.2
Other income, net	0.2	0.3	0.2	0.1
Gains (losses) on investments, net	0.4	(0.1)	0.1	—
Income before income taxes	7.7	6.7	6.6	5.3
Income tax provision	1.7	2.7	2.3	2.2
Net income	6.0%	4.0%	4.3%	3.1%

Three and Nine Months Ended September 30, 2015 and 2014

Revenues

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	$ 74.8	$ 75.4	$ (0.6)	(1%)
Revenues from research services	$ 52.2	$ 50.6	$ 1.6	3%
Revenues from advisory services and events	$ 22.5	$ 24.7	$ (2.2)	(9%)
Revenues attributable to customers outside of the U.S.	$ 17.2	$ 19.5	$ (2.3)	(12%)
Percentage of revenue attributable to customers outside of the U.S.	23%	26%	(3)	(12%)
Number of clients (at end of period)	2,482	2,452	30	1%
Number of events	4	4	—	—

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	$ 232.8	$ 231.4	$ 1.4	1%
Revenues from research services	$ 156.7	$ 153.7	$ 3.0	2%
Revenues from advisory services and events	$ 76.1	$ 77.6	$ (1.5)	(2%)
Revenues attributable to customers outside of the U.S.	$ 53.7	$ 59.3	$ (5.6)	(9%)
Percentage of revenue attributable to customers outside of the U.S.	23%	26%	(3)	(12%)
Number of events	11	11	—	—

Total revenues decreased 1% during the three months ended September 30, 2015 and increased 1% during the nine months ended September 30, 2015, compared to the prior year periods. Foreign exchange fluctuations had the effect of reducing total revenue growth during the three and nine months ended September 30, 2015 by approximately 3.5% in each period. Revenues from customers outside of the U.S. decreased 12% and 9% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods, however after adjusting for the effect of foreign currency fluctuations, revenues from customers outside of the U.S. increased 2% and 4%, respectively, and represented 26% of total revenues for the nine months ended September 30, 2015 on a constant currency basis. On a constant currency basis, revenue growth in the Asia Pacific region and Europe was partially offset by a decline in Canada.

Research services revenues are recognized as revenue primarily on a ratable basis over the term of the contracts, which are generally twelve-month periods. Research services revenues increased 3% and 2% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods, and on a constant currency basis revenues increased approximately 7% and 6% during the three and nine months ended September 30, 2015, respectively, reflecting growth in both our research and data products.

Revenues from advisory services and events decreased 9% and increased 2% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods, and on a constant currency basis revenues declined by approximately 6% during the three months ended September 30, 2015 and increased by approximately 1% during the nine months ended September 30, 2015. The decrease in advisory services and events revenues for the three months ended September 30, 2015 was due to a $2.9 million decrease in consulting revenues, which in turn was due primarily to a decrease in consulting employees in the current year period compared to the prior year and to historically high consulting revenues during the three months ended September 30, 2014 as compared to recent average amounts. The decrease in advisory services and events revenues for the nine months ended September 30, 2015 was due to a $1.9 million decrease in Events revenues compared to the prior year, primarily due to lower sponsorship revenues.

Please refer to the “Segments Results” section below for a discussion of revenues and expenses by segment.

Cost of Services and Fulfillment

	Three Months Ended September 30, 2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$ 29.2	$ 30.1	$ (0.9)	(3%)
Cost of services and fulfillment as a percentage of total revenues	39.1%	40.0%	(0.9)	(2%)
Number of research and fulfillment employees (at end of period)	573	589	(16)	(3%)

	Nine Months Ended September 30, 2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$ 92.5	$ 93.1	$ (0.6)	(1%)
Cost of services and fulfillment as a percentage of total revenues	39.7%	40.2%	(0.5)	(1%)

Cost of services and fulfillment expenses decreased 3% during the three months ended September 30, 2015 compared to the prior year period and on a constant currency basis were essentially flat. The decrease in dollars was primarily due to a $0.5 million decrease in professional services costs due to a reduction in outsource fees due to the decline in consulting revenue compared to the prior year. In addition, compensation and benefit costs decreased $0.4 million compared to the prior year period resulting from a decrease in the average number of employees due to our reorganization in 2015. Of the 50 employees terminated during the reorganization in the first quarter of 2015, 32 of the employees were included in cost of services and fulfillment.

Cost of services and fulfillment expenses decreased 1% during the nine months ended September 30, 2015 compared to the prior year period and on a constant currency basis increased 2% compared to the prior year period. The decrease in dollars was primarily due to a $0.3 million decrease in compensation and benefit costs.

Selling and Marketing

	Three Months Ended September 30, 2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	$ 27.5	$ 27.7	$ (0.2)	(1%)
Selling and marketing expenses as a percentage of total revenues	36.7%	36.7%	—	—
Selling and marketing employees (at end of period)	562	546	16	3%

	Nine Months Ended September 30, 2015	2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	$ 85.6	$ 86.2	$ (0.6)	(1%)
Selling and marketing expenses as a percentage of total revenues	36.8%	37.3%	(0.5)	(1%)

Selling and marketing expenses decreased 1% during both the three and nine months ended September 30, 2015 compared to the prior year periods and increased 2% on a constant currency basis during these periods. The decrease in dollars during the three months ended September 30, 2015 was due to a $0.2 million decrease in compensation and benefit costs due primarily to a decrease in commissions for the period. The decrease in dollars during the nine months ended September 30, 2015 was due to a $0.2 million charge to terminate a contract with an independent sales representative during the first quarter of 2014 that did not recur in 2015, lower employee hiring and relocation expenses and lower bad debt expense. These cost reductions were partially offset by a $0.6 million increase in compensation and benefit costs resulting from an increase in sales employees, annual merit increases and increased commission costs. Of the 50 employees terminated during our reorganization in the first quarter of 2015, 15 of the employees were included in selling and marketing.

Subject to the business environment, we intend to expand our quota carrying sales force by approximately 4% to 6% in 2015 as compared to 2014. Any resulting increase in contract bookings of our research services would generally be recognized over a twelve-month period, which typically results in an increase in selling and marketing expense as a percentage of revenues during periods of sales force expansion.

General and Administrative

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	$ 9.5	$ 10.0	$ (0.5)	(5%)
General and administrative expenses as a percentage of total revenues	12.8%	13.3%	(0.5)	(4%)
General and administrative employees (at end of period)	186	181	5	3%

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	$ 28.6	$ 29.4	$ (0.8)	(3%)
General and administrative expenses as a percentage of total revenues	12.3%	12.7%	(0.4)	(3%)

General and administrative expenses decreased 5% during the three months ended September 30, 2015 compared to the prior year period and on a constant currency basis decreased 2%. The decrease in dollars was primarily due to lower professional services costs due to the implementation of cloud-based software services in 2014 that did not recur in 2015 and a reduction in recruiting costs due to the build out of the consulting organization that was substantially completed in 2014. These decreases were partially offset by a $0.3 million increase in compensation and benefits costs and a $0.2 million increase in stock-based compensation expense.

General and administrative expenses decreased 3% during the nine months ended September 30, 2015 compared to the prior year period and on a constant currency basis were essentially flat. The decrease in dollars was primarily due to lower professional services costs due to the implementation of cloud-based software services in 2014 that did not recur in 2015 and a reduction in recruiting costs due to the build out of the consulting organization that was substantially completed in 2014. These decreases were partially offset by a $0.8 increase in compensation and benefit costs and a $0.5 million increase in stock-based compensation expense.

Depreciation

Depreciation expense decreased by $0.1 million and $1.0 million during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods. Approximately $0.1 million and $0.6 million of the decrease during the three and nine months ended September 30, 2015, respectively, was due to certain fixed assets becoming fully depreciated. In addition, $0.4 million of the decrease during the nine months ended September 30, 2015 was due to an adjustment recorded during the three months ended March 31, 2014 to correct an immaterial understatement of depreciation expense of approximately $0.2 million in each of 2013 and 2012.

Amortization of Intangible Assets

Amortization expense decreased by $0.3 million and $0.9 million during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods due to certain intangible assets becoming fully amortized at the end of 2014.

Reorganization Costs

During the three months ended September 30, 2015 we incurred $0.7 million of severance and related benefits for the reorganization of our Products Group, consisting of the termination of the chief product officer and related administrative staff, and the termination of a senior product leader with the intent to relocate this position to the U.S. The responsibilities of the former chief product officer have been assumed by our chief research officer. In addition, as a result of the change in leadership in the Products Group, we incurred $0.2 million of expense to write off a software development project that was no longer deemed probable to be completed.

During the nine months ended September 30, 2015 we also incurred $3.2 million of severance and related costs from our reorganization in the first quarter of 2015 that included the termination of 50 employees or approximately 4% of our workforce across various geographies and functions, in order to reallocate investment in 2015 to planned sales expansion and to delivery areas seeing the greatest client demand. Overall the Company expects to increase its headcount by approximately 1% at the end of 2015 compared to 2014 levels. In addition, during the nine months ended September 30, 2015 we incurred an additional $0.3 million primarily for a non-cash charge for the liquidation of a small non-U.S. subsidiary.

Approximately $0.5 million of the severance and related benefit costs incurred during 2015 are expected to be paid in 2016 and the remainder will be paid in 2015.

During the nine months ended September 30, 2014, we incurred $1.8 million of costs for severance and related costs for the termination of approximately 1% of our employees across various geographies and functions primarily to realign resources due to our new organizational structure implemented in late 2013.

Other Income, Net

Other income, net primarily consists of interest income on our investments as well as gains and losses on foreign currency and was insignificant for all periods.

Gains (Losses) on Investments, Net

Gains (losses) on investments, net primarily represents our share of equity method investment gains and losses from our technology-related investment funds. Activity within the funds was insignificant during the 2015 and 2014 periods.

Provision for Income Taxes

	Three Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2015	2014		
Provision for income taxes (dollars in millions)	$ 1.3	$ 2.0	$ (0.7)	(36%)
Effective tax rate	22.5%	39.8%	(17.2)	(43%)

	Nine Months Ended September 30,		Absolute Increase (Decrease)	Percentage Increase (Decrease)
	2015	2014		
Provision for income taxes (dollars in millions)	$ 5.3	$ 5.0	$ 0.3	7%
Effective tax rate	34.8%	40.7%	(5.9)	(14%)

The decrease in the effective tax rate for nine months ended September 30, 2015 as compared to the prior year period is primarily due to a $0.7 million tax benefit in the 2015 period related the U.S. Tax Court opinion in the “Altera” case as described below. In addition, the 2015 period includes a $0.3 million loss on the liquidation of a foreign subsidiary in the 2015 period for which a tax benefit could not be recognized, partially offset by a $0.2 million expense in the 2014 period for a U.S. state audit that did not recur in 2015.

In July 2015 the U.S. Tax Court issued an opinion in *Altera Corp. v. Commissioner* related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. The opinion invalidates part of a treasury regulation requiring stock-based compensation to be included in any qualified intercompany cost sharing arrangement. We have reviewed this case and concluded that recording a tax benefit of $0.7 million during the three months ended September 30, 2015 was appropriate based on the opinion in the case. We will continue to monitor ongoing developments and potential impacts to our consolidated financial statements.

Segment Results

The Research segment includes the costs of our research personnel who are responsible for writing the research and performing the webinars and inquiries for our RoleView product. In addition, the research personnel deliver advisory services (such as workshops, speeches and advisory days) and a portion of our project consulting services. Revenue in this segment includes only revenue from advisory services and project consulting services that are delivered by the research personnel in this segment. During 2013, we began to transition the delivery of project consulting to a dedicated project consulting organization. The transition was essentially complete at the end of 2014 such that the vast majority of project consulting has been and will continue to be delivered by the project consulting organization in 2015.

The Product segment includes the costs of the product management organization that is responsible for pricing, packaging and the launch of new products. In addition, this segment includes the costs of our data, Forrester Leadership Boards and events organizations.

Revenue in this segment includes all of our revenue (including RoleView) except for revenue from advisory services and project consulting services that are delivered by personnel in the Research and Project Consulting segments.

The Project Consulting segment includes the costs of the consultants that deliver our project consulting services. During 2013 we began to hire dedicated consultants to transition the delivery of project consulting services from research personnel (included in the Research segment) to the new Project Consulting segment. Revenue in this segment includes the project consulting revenue delivered by the consultants in this segment.

The Company evaluates reportable segment performance and allocates resources based on segment revenues and expenses. Segment expenses include the direct expenses of each segment organization and exclude selling and marketing expenses, general and administrative expenses, stock-based compensation expense, depreciation expense, adjustments to incentive bonus compensation from target amounts, amortization of intangible assets, reorganization costs (credits), other income and gains (losses) on investments. The accounting policies used by the segments are the same as those used in the consolidated financial statements.

	Products	Research	Project Consulting	Consolidated
Three Months Ended September 30, 2015				
Research services revenues	$ 52,205	$ —	$ —	$ 52,205
Advisory services and events revenues	2,041	9,804	10,703	22,548
Total segment revenues	54,246	9,804	10,703	74,753
Segment expenses	7,918	12,711	6,811	27,440
Contribution margin (loss)	46,328	(2,907)	3,892	47,313
Year over year revenue change	2%	(10%)	(7%)	(1%)
Year over year expense change	(5%)	(2%)	(10%)	(5%)

	Products	Research	Project Consulting	Consolidated
Three Months Ended September 30, 2014				
Research services revenues	$ 50,622	$ —	$ —	$ 50,622
Advisory services and events revenues	2,310	10,925	11,506	24,741
Total segment revenues	52,932	10,925	11,506	75,363
Segment expenses	8,298	13,012	7,590	28,900
Contribution margin (loss)	44,634	(2,087)	3,916	46,463

	Products	Research	Project Consulting	Consolidated
Nine Months Ended September 30, 2015				
Research services revenues	$ 156,667	$ —	$ —	$ 156,667
Advisory services and events revenues	12,763	31,454	31,867	76,084
Total segment revenues	169,430	31,454	31,867	232,751
Segment expenses	27,799	38,467	20,544	86,810
Contribution margin (loss)	141,631	(7,013)	11,323	145,941
Year over year revenue change	—	(16%)	28%	1%
Year over year expense change	(3%)	(5%)	4%	(2%)

	Products	Research	Project Consulting	Consolidated
Nine Months Ended September 30, 2014				
Research services revenues	$ 153,737	$ —	$ —	$ 153,737
Advisory services and events revenues	15,161	37,573	24,910	77,644
Total segment revenues	168,898	37,573	24,910	231,381
Segment expenses	28,543	40,386	19,705	88,634
Contribution margin (loss)	140,355	(2,813)	5,205	142,747

Product segment revenues increased 2% during the three months ended September 30, 2015 and were flat during the nine months ended September 30, 2015 as compared to the prior year periods. Research services revenues increased 3% and 2% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods, and on a constant currency basis revenue growth in research services was approximately 7% and 6% during the three and nine months ended September 30, 2015, respectively, reflecting growth in both our research and data products. Advisory services and events revenues decreased $0.3 million during the three months ended September 30, 2015 due to small decreases in both data advisory and events revenues. Advisory services and events revenues decreased $2.4 million during the nine months ended September 30, 2015 due primarily to a $1.9 million decrease in events revenues to $7.8 million in the 2015 period compared to $9.7 million during the prior year period driven by a significant decline in sponsorship revenue. Product segment expenses decreased 5% and 3% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods, and on a constant currency basis decreased approximately 2% for the three months ended September 30, 2015 and were essentially flat for the nine months ended September 30, 2015. The decline on a dollar basis was due to a decline in compensation and benefits costs that was only partially offset by an increase in professional services expense for surveys.

Research segment revenues decreased 10% and 16% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods due to the transition of the performance of project consulting services from personnel in our Research segment to personnel in our Project Consulting segment. Research segment expenses decreased by 2% and 5% during the three and nine months ended September 30, 2015, respectively, compared to the prior year periods due primarily to a decrease in compensation and benefit costs resulting from a decrease in the number of employees in the Research segment related to the transition in the delivery of project consulting services to the Project Consulting segment.

Project Consulting segment revenues and expenses decreased 7% and 10%, respectively, during the three months ended September 30, 2015, compared to the prior year period. The decrease in revenue during the three months ended September 30, 2015 was due to fewer consulting employees during the current year period due primarily to the reorganization in the first quarter of 2015, and to historically high revenues during the three months ended September 30, 2014 as compared to recent average amounts. The decrease in expenses during the three months ended September 30, 2015 was due to fewer consulting employees during the current year period and due to fewer billable expenses related to the decrease in revenue. Project Consulting segment revenues and expenses increased 28% and 4%, respectively, during the nine months ended September 30, 2015, compared to the prior year period. The increase in revenue during the nine months ended September 30, 2015 was due primarily to the transition of the performance of project consulting services from research personnel (in the Research segment) to consulting personnel and to an increase in the average headcount during the nine-month period. The increase in expenses during the nine months ended September 30, 2015 was due primarily to an increase in the average headcount during the nine-month period.

Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Memberships for research services, which constituted approximately 67% of our revenues during the nine months ended September 30, 2015, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of $28.2 million and $27.9 million during the nine months ended September 30, 2015 and 2014, respectively. The $0.3 million increase in cash provided from operations for the nine months ended September 30, 2015 is primarily attributable to a $2.7 million increase in net income which was mostly offset by lower cash generated from working capital due primarily to a decrease in cash from accounts receivable and deferred revenue (due in part to a shift in the timing of $10 million of contract renewals from December 2014 to the first quarter of 2015). We estimate that cash from operations for the full year 2015 will be comparable to the amount generated for the full year 2014.

During the nine months ended September 30, 2015 we used $6.2 million of cash from investing activities, consisting primarily of $4.2 million in net purchases of marketable investments and $2.3 million of purchases of property and equipment. Property and equipment purchases during 2015 consisted primarily of equipment and software. During the nine months ended September 30, 2014, we generated $24.8 million of cash from investing activities, consisting primarily of $24.4 million in net maturities and sales of marketable investments and $1.5 million of distributions from our non-marketable investments, which were partially offset by $1.1 million of purchases of property and equipment. Property and equipment purchases during 2014 consisted primarily of software and leasehold improvements. We regularly invest excess funds in short and intermediate-term interest-bearing obligations of investment grade.

We used $24.9 million of cash from financing activities during the nine months ended September 30, 2015 primarily for $18.6 million of purchases of our common stock. In addition, we paid $9.2 million of dividends consisting of a $0.17 per share dividend in each of the first three quarters of 2015 and we received $2.9 million of proceeds from the exercise of stock options and our employee stock purchase plan during the nine months ended September 30, 2015. We used $68.7 million of cash from financing activities during the nine months ended September 30, 2014 primarily for $66.6 million of purchases of our common stock. In addition, we paid $9.1 million of dividends consisting of a $0.16 per share dividend in each of the first three quarters of 2014 and we received $6.8 million of proceeds from the exercise of stock options and our employee stock purchase plan.

In both February and July of 2015 our board of directors increased our stock repurchase authorization by $25 million. As of September 30, 2015 our remaining stock repurchase authorization was approximately $39.1 million.

As of September 30, 2015, we had cash and cash equivalents of $45.6 million and marketable investments of $58.6 million. These balances include $32.4 million held outside of the U.S. If these funds outside of the U.S. are needed for operations in the U.S., we would be required to accrue and pay U.S. taxes to repatriate these funds. However, our intent is to permanently reinvest these funds outside of the U.S. and our current plans do not demonstrate a need to repatriate these funds for our U.S. operations. We do not currently have a line of credit and do not presently anticipate the need to access a line of credit in the foreseeable future except in the case of a significant acquisition. We believe that our current cash balance, marketable investments, and cash flows from operations will satisfy working capital, financing activities, and capital expenditure requirements for the next twelve months.

Contractual Obligations

There have been no material changes to the contractual obligations table as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014.

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet financing arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our assessment of our sensitivity to market risk since our presentation set forth in Item 7A, “Quantitative and Qualitative Disclosures About Market Risk,” in our Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined under Securities Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2015. Based upon their evaluation and subject to the foregoing, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance as of that date.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A: Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014, which could materially affect our business, financial condition or future results. The risk factors described in our Annual Report on Form 10-K remain applicable to our business. The risks described in our Annual Report on Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Through September 30, 2015, our Board of Directors authorized an aggregate $460.0 million to purchase common stock under our stock repurchase program, including $25.0 million authorized in each of July 2015, February 2015, and April 2014. During the quarter ended September 30, 2015, we purchased the following shares of our common stock under the stock repurchase program:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Maximum Dollar Value that May Yet be Purchased Under the Stock Repurchase Program (In thousands)
July 1 - July 31	42,133	$ 35.11	
August 1 - August 31	111,748	$ 32.39	
September 1 - September 30	56,000	$ 31.32	
	209,881		$ 39,144

(1) All purchases of our common stock were made under the stock repurchase program first announced in 2001.

ITEM 6. EXHIBITS

10.1	Settlement Agreement between Forrester Research B.V. and Dennis Van Lingen, dated September 29, 2015 (filed herewith)
10.2	Second Amendment to the Office Lease dated as of September 25, 2015 between 150 Spear Street, LLC and the Company (filed herewith)
31.1	Certification of the Principal Executive Officer. (filed herewith)
31.2	Certification of the Principal Financial Officer. (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (furnished herewith)
101.INS	XBRL Instance Document. (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema. (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase. (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase. (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase. (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase. (filed herewith)

SIGNATURES

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

FORRESTER RESEARCH, INC.

By: /s/ Michael A. Doyle

Michael A. Doyle
Chief Financial Officer and Treasurer
(Principal financial officer)

Date: November 6, 2015

Exhibit Index

Exhibit No.	Document
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SETTLEMENT AGREEMENT
("Vaststellingsovereenkomst")

THE UNDERSIGNED:

(1) **FORRESTER RESEARCH B.V.** (the "**Company**") a private limited company whose registered office and place of business is in Amsterdam, for these presents lawfully represented by Mr. Michael A. Doyle;

and

(2) Mr **DENNIS J.M. VAN LINGEN** (the "**Employee**") born on 18 January 1965, residing at Lunette 8 in (2141 MX) Vijfhuizen;

WHEREAS:

(A) the Employee entered into the service of the Company 1 August 2000, his most recent position being Chief Product Officer and Chief Europe Middle East and Africa Officer of the Forrester Research group of companies;

(B) by resolution of 21 June 2006 the General Meeting of Shareholders of the Company has appointed the Employee as a Managing Director of the Company ("*statutair directeur*" in terms of the Company's Articles of Association) effective from 30 June 2006, which appointment the Employee has accepted;

(C) the Employee's monthly salary is EUR 22,916.67 gross, including holiday allowance, and not including bonus entitlements and other fringe benefits;

(D) the Employee was relieved of Chief Product Officer duties effective 24 August 2015, and the Company has informed the Employee that the Company wishes to terminate the employment contract and invited the Employee, by letter dated 3 September 2015, to attend the extraordinary general meeting of shareholders (EGM) of the Company, to be held on 28 September 2015;

(E) the Employee has objected to the intended termination of his employment contract;

(F) the Parties have subsequently consulted one another to discuss the terms and conditions of an amicable settlement;

(G) the Company wishes to stress that the Employee cannot in any way be blamed for the termination. Hence there is no urgent reason to terminate the employment contract with immediate effect;

(H) the Company has pointed out the possible consequences of termination of the employment contract to the Employee and has given the latter sufficient time and opportunity to consider the proposed settlement and receive expert legal advice;

(I) in view of the above, and in order to end any and all points of potential dispute regarding the consequences of the termination of the employment contract, the Parties have entered into a settlement agreement, and

HAVE AGREED AS FOLLOWS:

1. The Company and the Employee agree to a termination of the employment contract with effect from 31 January 2016 (the Effective Date*) by mutual consent ("*wederzijds goedvinden*").

2. The Parties will agree on a Handover Date as soon as practicable in September 2015. The Company will not request the Employee's services after the Handover Date and the Employee will go on inactive status by mutual agreement until the Effective Date. During his inactive status and until the Effective Date, the Company will compensate the Employee a fixed, monthly remuneration, in the amount of 23,567.26 Euros gross, before tax and including the 8% holiday allowance. In addition, the Company will continue to pay the agreed travel allowance, the costs related to the Employee's mobile phone, the company contributions to the Employee's health insurance, pension scheme and other statutory payments as per normal. Any payments made to the Employee are subject to taxation and other withholdings as per normal. Between now and the Effective Date the Employee is not allowed to sign any contracts / agreements on behalf of the Company or other affiliates in the Forrester Research, Inc. group of companies, or to incur expenses without prior written consent from Gail Mann, Forrester's Chief Legal Officer.

3. The Employee will hand over any material and information (including all copies) in his possession on or before the Handover Date to ensure that his engagements, dealings with outside parties and ongoing processes can continue uninterrupted and without any loss of documentation or background information. If the Employee is not in the office on the Handover Date, the Company will make arrangements with him for the return of such information in his possession. The Employee has been reminded of the confidentiality, non-disclosure and intellectual and industrial property rights clauses in his employment contract and has agreed to adhere to these during this process and after termination of the employment contract.

4. On the Handover Date, the Employee will return his laptop (including carrying case, spare batteries and other accessories). At the same time the Employee will hand back any other items of personal property (such as a company-provided mobile phone and accessories, if any such device was provided) that belong to the Company or other affiliates in the Forrester Research, Inc. group of companies as applicable. If the Employee is not in the office on the Handover Date, the Company will make arrangements with him for the return of his laptop and other company property in his possession.

5. The Company will pay out the number of vacation days which the Employee has accrued until the Effective Date in the usual way. Payment will be made within one month of the Effective Date.

6. That, in consideration of the loss of his job, the Employee will be receiving a supplement, gross payment of 326,000.00 Euros provided that the Employee fully complies with his duties under his employment contract, this settlement agreement, and has executed a release of legal claims in favour of the Company and other affiliates in the Forrester Research, Inc. group of companies. This release includes any and all entitlements the Employee may have under the Forrester Research, Inc. Executive Severance Plan. Insofar as necessary the Employee waives any and all entitlements to a so-called *transitievergoeding* as defined in Articles 7:673 through 7:673d of the Netherlands Civil Code.

***The Effective Date is the last day of the statutory four-month notice period.*

Company Employee

7. Insofar as possible this supplementary payment, less any statutory withholdings and deductions, will be made in a manner indicated by the Employee within one month of the Effective Date, provided the Company is in receipt of the aforementioned release of claims, as well as in receipt of all company property that is in the Employee's possession or under his control, and such payments are not contrary to any statutory provisions or financially disadvantageous to the Company or other affiliates in the Forrester Research, Inc. group of companies.

8. The Company shall pay the costs of appropriate outplacement services by an agency to be approved by the Company, up to a maximum of 15,000.00 Euros, not including VAT. To this end, the Company shall enter into a contract directly with the outplacement agency, which agency shall invoice the Company directly.

9. On the Effective Date, the Company's contribution to the premiums of the Employee's pension arrangements and health insurance coverage shall end. All respective premiums due by the Company on the Effective Date will be paid in the appropriate manner.

10. The non-competition clause agreed between the Parties shall remain in full effect.

11. On or before the Handover Date the Employee will sign written resignation(s) from any and all officer or director positions he holds with the Company or other affiliates in the Forrester Research, Inc. group of companies, including as Managing Director of the Company and as Chief Europe Middle East and Africa Officer of the Forrester Research group of companies, with immediate effect and in a form acceptable to the Company.

12. The Parties shall refrain from making any such negative comments about each other to third parties as may harm their mutual justified interests. After close consultation regarding the departure of the Employee the Parties shall draft a joint communication plan (except with respect to any required governmental filings). The Parties shall observe absolute confidentiality regarding the contents of this Agreement, unless either party is required to disclose such information under any statutory provision.

13. The Company will contribute to the costs of legal assistance by a lawyer of the Employee's choice incurred up to a maximum amount of 2,000 Euros, including disbursements and including VAT. Payment will be made upon receipt of a copy of the original, specified invoice made out to the Employee.

14. Any equity awards granted by Forrester Research, Inc. to the Employee prior to the Effective Date will operate in accordance with the terms of the applicable award agreements and underlying equity plans.

15. The Parties agree that the Employee will remain eligible for a bonus for 2015 under the Forrester Research, Inc. Amended and Restated Executive Cash Incentive Plan, on an 8/12 pro rata basis, based on the actual company 2015 financials, and otherwise payable in accordance with the plan.

16. Once the Employee and the Company have complied with the aforementioned obligations, no further obligations shall ensue for the Company or other affiliates in the Forrester Research, Inc. group of companies and the Employee from the employment agreement or this Settlement Agreement or on any other basis. The Parties shall fully and finally discharge each other.

Company Employee

For approval and agreement:

/s/ Michael A. Doyle	/s/ Dennis J.M. van Lingen
Michael A. Doyle on behalf of:	Dennis J.M. van Lingen
Forrester Research B.V.	
Date: 29 September 2015	Date: 29 September 2015
Place: *Cambridge, MA USA*	Place: Amsterdam
Company	Employee

EXHIBIT 10.2

Second Amendment to Office Lease

This Second Amendment to Office Lease (the "**Amendment**") is made and entered into as of September 25, 2015 ("**Amendment Date**"), by and between 150 SPEAR STREET, LLC, a Delaware limited liability company ("**Landlord**") and FORRESTER RESEARCH, INC., a Delaware corporation ("**Tenant**"), with reference to the following facts.

Recitals

A. Landlord and Tenant entered into that certain Office Lease dated as of November 24, 2010, as amended by that certain First Amendment to Office Lease dated as of August, 2012 (collectively, the "**Lease**"), for the leasing of certain premises located at 150 Spear Street, San Francisco, California (the "**Building**"), consisting of approximately 19,036 rentable square feet known as Suites 1050 and 1100 (the "**Premises**"), as such Premises are more fully described in the Lease.

B. Landlord and Tenant now wish to amend the Lease to provide for, among other things, (i) the extension of the Lease Term; and (ii) certain other modifications to the Lease, all upon and subject to each of the terms, conditions, and provisions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Recitals:** Landlord and Tenant agree that the above recitals are true and correct and are hereby incorporated herein as though set forth in full.

2. **Term:** The Lease Term, which is currently scheduled to expire on June 30, 2016, is hereby extended until June 30, 2022 (the "**Revised Expiration Date**"), unless extended or earlier terminated in accordance with the terms and conditions of the Lease. The 72-month period from and after July 1, 2016 through the Revised Expiration Date shall hereinafter be referred to as the "**Extended Term**".

3. **Base Rent:** Section 4 of the Summary and Article 3 of the Lease are hereby modified to provide that, effective as of the commencement of the Extended Term, the monthly Base Rent payable by Tenant to Landlord, in accordance with the provisions of Article 3 of the Lease shall be as follows:

Months of Term	Annual Base Rent	Monthly Installment of Base Rent	Annual Rental Rate Per Rentable Square Foot
7/1/16 – 6/30/17	$1,237,340.00	$103,111.67*	$65.00
7/1/17 – 6/30/18	$1,274,460.20	$106,205.02	$66.95
7/1/18 – 6/30/19	$1,312,694.01	$109,391.17	$68.96
7/1/19 – 6/30/20	$1,352,074.83	$112,672.90	$71.03
7/1/20 – 6/30/21	$1,392,637.07	$116,053.09	$73.16
7/1/21 – 6/30/22	$1,434,416.18	$119,534.68	$75.35

* Tenant shall not be obligated to pay monthly Base Rent for the first two (2) months of the Extended Term so long as Tenant is not then in default beyond any applicable notice and grace periods under the Lease.

4. **Security Deposit:** Concurrent with Tenant's execution of this Amendment, Tenant shall deposit with Landlord the sum of One Hundred Four Thousand Seven Hundred Sixty-Two Dollars ($104,762.00) (the "**Extended Term Security Deposit**"). The Extended Term Security Deposit shall be added to the Security Deposit presently being held by Landlord under the Lease in the amount of Fourteen Thousand Seven Hundred Seventy-three Dollars ($14,773.00) (the "**Original Security Deposit**"). The aggregate amount of the Extended Term Security Deposit and the Original Security Deposit is One Hundred Nineteen Thousand Five Hundred Thirty-Five Dollars ($119,535.00). During the Extended Term, the term "Security Deposit" shall mean and refer to the aggregate of the Extended Term Security Deposit and the Original Security Deposit in the amount of One Hundred Nineteen Thousand Five Hundred Thirty-Five Dollars ($119,535.00). The Extended Term Security Deposit shall be subject to, and the use and application thereof governed by, Article 21 of the Lease.

5. **Advance Rent:** Concurrently with Tenant's execution of this Amendment, Tenant shall pay to Landlord the amount of One Hundred Three Thousand One Hundred Eleven and 67/100 Dollars ($103,111.67), which shall represent Tenant's monthly installment of Base Rent first due and payable for the Premises for the Extended Term.

6. **Base Year:** Effective as of the commencement of the Extended Term, the definition of "Base Year" as set forth in the Summary shall be modified to provide that the Base Year for the Premises shall be Calendar year 2016.

7. **Extension Option:** Landlord hereby grants Tenant an option to extend the Lease Term subject to the terms, covenants and conditions set forth in Rider 1 attached hereto.

8. **Tenant's Representations and Warranties:** Tenant hereby represents and warrants to Landlord the following, each of which shall survive the execution of this Amendment:

A. Tenant has not made any assignment, sublease, transfer, conveyance or other disposition of the Lease, Tenant's leasehold estate, the Premises, any other rights, title, interest under or arising by virtue of the Lease, or of any claim, demand, obligation, liability, action or cause of action arising from or pursuant to the Lease or arising from any rights of possession arising under or by virtue of the Lease or leasehold estate.

B. The person or entity executing this Amendment on behalf of Tenant has the full right and authority to execute this Amendment on behalf of said party and to bind said party without the consent or approval of any other person or entity. Tenant has the full power, capacity, authority and legal right to execute and deliver this Amendment.

C. To Tenant’s actual knowledge, neither Landlord nor Tenant is in default in the performance of any covenant, agreement or condition contained in the Lease and no event has occurred and no condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party under the Lease. To Tenant's actual knowledge, Tenant has no defenses, counterclaims, liens or claims of offset or credit under the Lease or against rents, or any other claims against Landlord.

9. **Brokers:** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Amendment who is entitled to a commission payable by Landlord in connection with this Amendment, excepting only Colliers International, who is representing Landlord, and Avison Young, who is representing Tenant (collectively, the "**Brokers"**). Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. Tenant further represents and warrants to Landlord that Tenant will not receive (i) any portion of any potential brokerage commission or finder's fee payable to the Brokers in connection with this Amendment, or (ii) any other form of compensation or incentive from the Brokers with respect to this transaction.

10. **Counterparts; Signatures:** This Amendment may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called “pdf” format shall be legal and binding and shall have the same full force and effect as if an original of this Amendment had been delivered. Landlord and Tenant (i) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent by facsimile or electronic mail, (ii) are aware that the other party will rely on such signatures, and (iii) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature.

11. **Effect of Amendment; Ratification of Lease:** Except as modified herein, the terms and conditions of the Lease shall remain unmodified and continue in full force and effect. In the event of any conflict between the terms and conditions of the Lease and this Amendment, the terms and conditions of this Amendment shall prevail. Landlord and Tenant each hereby ratifies and confirms its obligations under the Lease, and represents and warrants to the other that, to its actual knowledge, it has no defenses thereto.

12. **Definitions:** Unless otherwise defined in this Amendment, all terms not defined in this Amendment shall have the meanings assigned to such terms in the Lease.

13. **Successors and Assigns:** Subject to the assignment and subletting provisions of the Lease, this Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

14. **Entire Agreement:** This Amendment constitutes the entire understanding of the parties with respect to the subject matter in this Amendment and all prior agreements, representations, and understandings between the parties with respect thereto, whether oral or written, are deemed null, all of the foregoing having been merged into this Amendment. The parties acknowledge that each party and/or its counsel have reviewed and revised this Amendment and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Amendment or any amendments or exhibits to this Amendment or any document executed and delivered by either party in connection with this Amendment.

15. **Severability:** If for any reason any provision of this Amendment shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this Amendment.

16. **Incorporation:** The terms and provisions of the Lease are hereby incorporated in this Amendment.

17. **Accessibility Disclosures:** For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp).

I**N WITNESS WHEREOF**, the parties have executed this Amendment as of the date and year first above written.

"**Landlord**"

150 SPEAR STREET, LLC,
a Delaware limited liability company

By: Principal Real Estate Investors, LLC,
a Delaware limited liability company,

By: /s/ Michael Benson
Name: Michael Benson
Its: Assistant Managing Director

By: /s/ Jay Fisher
Name: Jay Fisher
Its: Assistant Managing Director – Asset Management

"**Tenant**"

FORRESTER RESEARCH, INC.,
a Delaware corporation

By: /s/ Michael A. Doyle
Name: Michael A. Doyle
Its: Chief Financial Officer

By: /s/ Gail S. Mann
Name: Gail S. Mann
Its: Chief Legal Officer

If Tenant is a corporation, the authorized officers must sign on behalf of the corporation and indicate the capacity in which they are signing. The document must be executed by the chairman of the board, president or vice-president, and the secretary, assistant secretary, chief financial officer or any assistant treasurer, unless the bylaws or a resolution of the board of directors shall otherwise provide, in which event, the bylaws or a certified copy of the resolution, as the case may be, must be attached to this document.

RIDER 1

EXTENSION OPTION

This Rider 1 (the "**Rider**") is incorporated as a part of that certain Second Amendment to Office Lease dated September 25, 2015 (the "**Amendment**"), by and between 150 SPEAR STREET, LLC, a Delaware limited liability company ("**Landlord**") and FORRESTER RESEARCH, INC., a Delaware corporation ("**Tenant**"), for the leasing of those certain premises located at 150 Spear Street, Suites 1050 and 1100, San Francisco, California, as more particularly described in the Amendment (the "**Premises**"). Any capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the "Lease", as such term is defined in the Amendment to which this Rider is attached.

1. **Grant of Extension Option**. Subject to the provisions, limitations and conditions set forth in this Rider, Tenant shall have one (1) option (the "**Extension Option**") to extend the Lease Term for five (5) years (the "**Extension Term**").

2. **Tenant's Extension Option Notice**. Tenant shall have the right to deliver written notice to Landlord of its intent to exercise this Extension Option (the "**Extension Option Notice**"). If Landlord does not receive the Extension Option Notice from Tenant on a date which is no earlier than eighteen (18) months and no less than twelve (12) months prior to the expiration of the Lease Term, all rights under this Extension Option shall automatically terminate and shall be of no further force or effect. Upon the proper exercise of this Extension Option, subject to the provisions, limitations and conditions set forth in this Rider, the Lease Term shall be extended for the Extension Term.

3. **Establishing the Initial Base Rent for the Extension Term**. The initial Base Rent for the Extension Term shall be equal to the then Fair Market Rental Rate, as hereinafter defined. As used herein, the "**Fair Market Rental Rate**" payable by Tenant for the Extension Term shall mean the Base Rent for the highest and best use for comparable space at which non-equity tenants, as of the commencement of the lease term for the Extension Term, will be leasing non-sublease, non-equity, unencumbered space comparable in size, location and quality to the Premises for a comparable term, which comparable space is located in the Building and in other comparable buildings in the vicinity of the Building, taking into consideration all out-of-pocket concessions generally being granted at such time for such comparable space, including the condition and value of existing tenant improvements in the Premises. The Fair Market Rental Rate shall include the periodic rental increases that would be included for space leased for the period of the Extension Term.

If Landlord and Tenant are unable to agree on the Fair Market Rental Rate for the Extension Term within ten (10) days of receipt by Landlord of the Extension Option Notice for the Extension Term, Landlord and Tenant each, at its cost and by giving notice to the other party, shall appoint a competent and impartial commercial real estate broker (hereinafter "**broker**") with at least ten (10) years' full-time commercial real estate brokerage experience in the geographical area of the Premises to set the Fair Market Rental Rate for the space and term at issue. If either Landlord or Tenant does not appoint a broker within ten (10) days after the other party has given notice of the name of its broker, the single broker appointed shall be the sole broker and shall conclusively determine the Fair Market Rental Rate for the Extension Term. If two (2) brokers are appointed by Landlord and Tenant as stated in this paragraph, they shall meet promptly and attempt to set the Fair Market Rental Rate. In addition, if either of the first two (2) brokers fails to submit their opinion of the Fair Market Rental Rate within the time frames set forth below, then the single Fair Market Rental Rate submitted shall automatically be the initial monthly Base Rent for the Extension Term and shall be binding upon Landlord and Tenant. If the two (2) brokers are unable to agree within ten (10) days after the second broker has been appointed, they shall attempt to select a third broker, meeting the qualifications stated in this paragraph within ten (10) days after the last day the two (2) brokers are given to set the Fair Market Rental Rate. If the two (2) brokers are unable to agree on the third broker, either Landlord or Tenant by giving ten (10) days' written notice to the other party, can apply to the Presiding Judge of the Superior Court of the county in which the Premises is located for the selection of a third broker who meets the qualifications stated in this paragraph. Landlord and Tenant each shall bear one-half (½) of the cost of appointing the third broker and of paying the third broker's fee. The third broker, however selected, shall be a person who has not previously acted in any capacity for either Landlord or Tenant. Within fifteen (15) days after the selection of the third broker, the third broker shall select one of the two Fair Market Rental Rates submitted by the first two brokers as the Fair Market Rental Rate for the space and term at issue. The determination of the Fair Market Rental Rate by the third broker shall be conclusive and binding upon Landlord and Tenant.

In no event shall the monthly Base Rent for any period of the Extension Term as determined pursuant to this Rider, be less than the highest monthly Base Rent charged during the Lease Term plus an escalation amount equal to the last escalation amount of Base Rent charged during the preceding term of the Lease. Upon determination of the initial monthly Base Rent for the Extension Term in accordance with the terms outlined above, Landlord and Tenant shall promptly execute an amendment to the Lease. Such amendment shall set forth among other things, the initial monthly Base Rent for the Extension Term and the actual commencement date and expiration date of the Extension Term. Tenant shall have no other right to extend the Lease Term under this Rider unless Landlord and Tenant otherwise agree in writing.

4. **<u>Condition of Premises for the Extension Term</u>**. If Tenant timely and properly exercises this Extension Option, in strict accordance with the terms contained herein, Tenant shall accept the Premises in its then "**AS-IS**" condition and, accordingly, Landlord shall not be required to perform any additional improvements to the Premises.

5. **<u>Limitations On, and Conditions To, Extension Option</u>**. This Extension Option is personal to Tenant and may not be assigned, voluntarily or involuntarily, separate from or as part of the Lease. At Landlord's option, all rights of Tenant under this Extension Option shall terminate and be of no force or effect if any of the following individual events occur or any combination thereof occur: (1) Tenant has been in default beyond any applicable notice and cure period with respect to any of its obligations under the Lease more than one (1) time during the Lease Term, or is in default beyond any applicable notice and cure period of any provision of the Lease on the date Landlord receives the Extension Option Notice; and/or (2) Tenant has assigned its rights and obligations under all or part of the Lease or Tenant has subleased all or part of the Premises in a transfer; and/or (3) Tenant's financial condition is unacceptable to Landlord at the time the Extension Option Notice is delivered to Landlord; provided, however, that if Landlord determines that Tenant's financial condition is unacceptable, such determination must be based on good faith, taking into consideration all relevant factors; and/or (4) Tenant has failed to exercise properly this Extension Option in a timely manner in strict accordance with the provisions of this Rider; and/or (5) Tenant no longer has possession of the entire Premises pursuant to the Lease, or if the Lease has been terminated earlier, pursuant to the terms and provisions of the Lease.

6. **<u>Time is of the Essence</u>**. Time is of the essence with respect to each and every time period described in this Rider

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, George F. Colony, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GEORGE F. COLONY
George F. Colony
Chairman of the Board and Chief Executive Officer
(Principal executive officer)

Date: November 6, 2015

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael A. Doyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Forrester Research, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. DOYLE

Michael A. Doyle
Chief Financial Officer and Treasurer
(Principal financial officer)

Date: November 6, 2015

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Forrester Research, Inc. (the "Company"), does hereby certify that to the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ George F. Colony
George F. Colony
Chairman of the Board and Chief Executive Officer

Dated: November 6, 2015

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Forrester Research, Inc. (the “Company”), does hereby certify that to the undersigned’s knowledge:

1) the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission (the “10-Q Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL A. DOYLE
Michael A. Doyle
Chief Financial Officer and Treasurer

Dated: November 6, 2015