Forrester Research, Inc.
2014 Annual Report

Notice Of 2015 Annual Meeting And Proxy Statement

FORRESTER®

CHALLENGE THINKING. LEAD CHANGE.

To investors, clients, employees, and all members of the Forrester community:

Thank you for your continued support of the company. The analysis and color below augment the detailed descriptions of our business and financial performance contained in the attached 2014 10-K.

2014 In Review

2014 was a successful year. We met our earnings and revenue guidance and achieved our sales plan. In 2014, Forrester's growth rate increased.

Most importantly, we took an important step forward in capitalizing on the opportunity created by the age of the customer, a 20-year business cycle in which companies will have to reinvent themselves to win, serve, and retain increasingly powerful customers. Our performance in 2014 demonstrates that this go-to-market strategy resonates with clients and prospective clients, enabling the company to continue to gain momentum. We proved that the market is not just receptive but indeed hungry for data, insights, and advice that can help executives and their companies understand and thrive in this new world. We now occupy a differentiated position and have demonstrated that our uniqueness can translate into positive results.

The Age Of The Customer

The age of the customer drives three business imperatives for large companies. They must: 1) continually gather and analyze fresh insights on *their* customers; 2) mobilize marketing and strategy leaders to find creative and disruptive strategies for engaging and retaining buyers; and 3) create business technology (BT) that delights customers.

Forrester is investing in differentiated products and solutions that directly address these business needs:

- Data products that help our clients better understand what their customers want — and when and how they want it.
- Insights and analysis that help marketing executives build experiences that attract and fascinate their buyers.
- Strategies that help technology management executives expand their portfolios beyond IT to build BT agendas that can win, serve, and retain customers.

In this time of market change, experiences have become central to gaining competitive advantage. Late in 2014, we launched a new product, the Forrester CX Index™, which enables our clients to directly measure the quality of their customers' experience. But the CX Index is not just a number. Our methodology reveals the actions that companies can take to improve their experiences and point resources to the highest market return. The CX Index measures 935 brands in North America, Europe, and Asia-Pacific. In the next two years, we will expand its geographical coverage and extend it to business-to-business (B2B) enterprises. The product got off to a fast start, and we expect it to be a growth engine for the company in 2015 and beyond.

We grew our research and advisory capabilities to help CMOs and their marketing teams adapt to this new world. The best-performing companies engender cooperative efforts between marketers and technologists, and our new integrated research organization was well-positioned to help companies do just that. In 2015, we will expand our research for B2B marketers, grow our peer networks for CMOs and marketing leaders, and expand our portfolio of consulting solutions to help our clients convert customer experience into market leadership.

In 2014, we also grew our research and advisory products and solutions to help CIOs and their technology management teams build out their business technology agendas. Worldwide, BT represents 31% of technology management spending — but it is growing at twice the rate of IT spending. Importantly, companies are only now beginning their BT voyages. This time of uncertainty, risk, and untapped potential for technology management executives represents an important opportunity for Forrester.

For the best companies, understanding their customers, making changes in marketing, and putting in place a BT agenda are not independent efforts. Only Forrester can deliver solutions and insights that span all three areas, fostering a productive and enduring relationship with our clients.

Looking Ahead

Undoubtedly, we have much work to do as the company continues its journey back to traditional rates of growth and profitability. We will continue to pivot our research coverage from the IT world to BT. We will focus on perfecting and standardizing the way that the Forrester Leadership Boards work with clients — enhancing the value of peer relationships. And we will continue to tune and perfect our nascent professional consulting organization.

In 2014, Forrester ramped its growth, and we are poised to continue that trajectory in 2015. Our mission, "Challenge thinking to lead change," has never been more relevant than now — a period when all companies are grappling with dynamic, demanding, increasingly fickle customers and sophisticated, technology-armed new competitors. Customer obsession is the only way forward — and that's where we specialize.

I want to thank the more than 1,300 employees of Forrester for their dedication to our mission; the more than 2,400 clients of Forrester for their continuing partnership; my hard-working and creative executive team; and my thoughtful (and demanding) board of directors. Finally, I would like to acknowledge our investors, who have had the vision and patience to recognize Forrester's long-term potential.

George F. Colony
Chairman and CEO

Form 10-K
2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 Par Value	**Nasdaq Global Select Market**

Securities to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 requirement for the past 90 days. Yes ☑ No ☐

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 ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

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 Act). Yes ☐ No ☑

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of June 30, 2014 (based on the closing price as quoted by the Nasdaq National Market as of such date) was approximately $397,000,000.

As of March 6, 2015, 18,050,000 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement related to its 2015 Annual Stockholders' Meeting to be filed subsequently — Part III of this Form 10-K.

This Annual Report on Form 10-K 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 possible acquisitions, our plans for international expansion, future dividends, future share repurchases, future growth rates, anticipated increases in our sales force and headcount, the transitioning of project consulting, 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. Important factors that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements are discussed below under "Risk Factors." We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

General

Forrester Research, Inc. is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Our products and services are targeted to specific roles, including senior management in business strategy, marketing, and technology management principally at $1 billion-plus (revenue) companies who collaborate with us to accelerate achievement of their business goals.

Research serves as the foundation for all our solutions and consists primarily of annual memberships to our RoleView™ research and data subscription offerings that provide access to our core research and data on a wide range of business and technology issues critical to the success of the individuals in the roles we serve. In addition to our RoleView and data offerings, we also provide a portfolio of products and services that allow our clients to interact directly with analysts and their peers and explore in greater detail the issues and topics covered by RoleView research and our data offerings on a role and client-specific basis.

We were incorporated in Massachusetts on July 7, 1983 and reincorporated in Delaware on February 16, 1996.

Our Internet address is www.forrester.com. We make available free of charge, on or through the investor information section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Industry Background

Enterprises and their employees struggle to remain both competitive and cost-efficient in an increasingly complex global business environment. Developing comprehensive and coordinated business strategies is difficult because as the economy and technology change, consumers and businesses adopt new methods of buying and selling, and markets grow increasingly dynamic.

Consequently, companies and the professionals who are in the roles we serve rely on external sources of expertise that provide independent business advice spanning a variety of areas including but not limited to technology, business strategy, and customer behavior. We believe there is a need for objective research that is thematic, prescriptive, and executable, and that provides a comprehensive perspective on the knowledge and skills required to succeed in today's rapidly changing business environment.

Forrester's Strategy

In 2014, Forrester refined its role-based strategy by pivoting the focus of its research and advisory products and services to address our clients' and prospects' opportunities and challenges in the "age of the customer". We undertook this change to accelerate growth and increase differentiation. Our products and services are now designed to help large organizations win, serve, and retain increasingly empowered customers.

Information technology is moving from being a tool for managing and lowering operating costs to a tool for generating market opportunities and revenue. Given this shift, today's technology management professionals have two agendas — a traditional IT agenda of running internal systems and an important, newer business technology agenda that applies technology, systems, and processes to win, serve and retain customers. Driven by the Company's new strategy, we: 1) help our clients stay current with dynamic customers, 2) advise marketing and strategy executives as they seek to win those customers, and 3) work with technology management executives as they build technologies for customers. Importantly, these three areas of focus are highly interrelated in the large organizations that Forrester serves, creating the opportunity for synergy across our entire line of products and services. In addition, the market that we have chosen to serve is unique, increasing our competitive differentiation.

We organize our products and services to best serve organizations and their leaders in key roles, such as the chief information officer, chief marketing officer and other technology and marketing and strategy professionals. Forrester's role-centric solutions provide clients with more relevant fact-based insights, allowing them to make better informed and justified decisions faster, to understand and manage the business dynamics most important to win, serve, and retain customers, and to help clients link their knowledge of customers, marketing efforts, and technology into a coherent plan. Simply stated, we work with business and technology leaders to develop customer-obsessed strategies that drive growth.

We seek to maintain and enhance our position as a leading global research and advisory firm and to capitalize on demand for our offerings by:

Identifying and Defining New Business Models, Technologies, and Markets. We seek to differentiate ourselves from other research firms by delivering pragmatic and forward-thinking research and analysis on the impact of technology on business models, business practices, and technology infrastructure. We believe that our research methodology and our creative culture allow us to identify and analyze rapid shifts in business and consumer use of technology before these changes appear on the horizons of most users, vendors, and other research firms. Our early identification of these shifts enables us to help our clients capitalize on emerging business models and technologies.

Leveraging our RoleView Research and Data Products. Our business model, technology platform, research methodologies, and rich longitudinal data allow us to sell existing products and to introduce new products and services without incurring significant incremental costs. We intend to continue to use our business model, technology platform, research methodologies, and data to both increase sales of our existing data and RoleView research products and introduce innovative new products. Our other offerings complement, enhance and supplement our RoleView research and data subscription offerings, and many are designed to address the specific needs and problems of our clients and the professionals in the roles we serve. We also may acquire, through acquisition or license from third parties, new products and services that complement and support our strategy and existing offerings.

Global Research and Product Organizations; Using Targeted, Global Client-Centric Sales Channels. We reorganized our fulfillment organization at the end of 2013 into a single, global research organization and product organization to better support our client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 we also established a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional time on writing research and providing shorter-term advisory services. In February 2015 we announced a further refinement of our fulfillment organization to better align personnel to demand for our products and services by reallocating investment in 2015 to planned sales expansion and to delivery areas seeing the greatest client demand.

We sell our products and services directly through a global sales force with sales personnel focusing on the needs of professionals in the roles we serve. Our sales force, managed by a chief sales officer with global sales management responsibility, operates out of various locations in North America, Europe, Asia and Australia. We also sell our products and services through independent sales representatives in select international locations.

Growing Our Client Base Worldwide and Increasing Sales to Existing Clients. We believe that our products and services can be successfully marketed and sold to new client companies worldwide and to new roles and additional units and divisions within our existing client companies. We believe that within our client base of over 2,400 client companies as of December 31, 2014 there is opportunity both to sell additional products and services to current users as well as to deliver our RoleView research and product portfolio to a greater number of professionals. We intend to continue to expand our coverage of global markets as the growing impact of technology on business innovation creates demand for external sources of objective research.

Developing and Retaining Outstanding Research Professionals. The knowledge and experience of our research analysts and consultants are critical elements of our ability to provide high-quality products and services. We employ outstanding research professionals and consultants from varied backgrounds and a wide range of industries. We believe that our culture, which emphasizes client service, courage, collaboration, integrity and quality, helps us to develop and retain high-caliber research and consulting professionals. We provide a competitive compensation structure, as well as recognition and rewards for excellent individual and team performance.

Forrester's Solution

Our broad range of expertise on the impact of technology on business, consumer and customer behavior, and on marketing and strategy enables us to offer our clients the best available and most relevant research and insights on changing business models, best practices, technology investments, business practices, implementation advice, and customer trends. Our solution provides our clients with:

A Unified Set of Services to Help our Clients and to Make their Leaders Successful in their Roles. We offer clients a comprehensive set of products and services to obtain access to the research, data, analysts, consultants and peer insights they need to be successful in their professional roles, including, for example, to:

- Assess potential new markets, competitors, products and services, and go-to-market strategies.
- Anticipate technology-driven business model shifts.
- Understand trends in consumer behavior and how to capitalize on those trends for marketing and sales purposes.
- Educate, inform, and align strategic decision-makers in their organizations.
- Navigate technology purchase and implementation challenges and optimize technology investments.
- Capitalize on emerging technologies.

Expertise on Emerging Technologies. We started our business in 1983 and have a long history of, and extensive experience in, identifying trends and providing research and executable advice on the impact of technology on business. Our research analysts have many years of industry experience, are frequent speakers at business and technology conferences, and are often quoted in the media. They enjoy direct access to the leaders and decision-makers within large enterprises and technology vendors. We provide our research analysts with training to ensure that they have the skills to challenge conventional viewpoints and provide prescriptive, executable insight and research to our clients.

Products and Services

We offer our clients a selection of engagement opportunities that are organized for and directed toward the multiple professional roles we cover.

RoleView™ Research

Our primary syndicated research product, RoleView, provides clients with access to our core syndicated research designed to inform their strategic decision-making. Our various RoleView research offerings, including IT RoleView, M&S RoleView, and TI RoleView, each consists of a library of cross-linked documents that interconnect our reports, data, product rankings, best practices, evaluation tools, and research archives. RoleView research access is provided through role-based websites that facilitate client access to research and tools that are most relevant to their professional roles, including community tools that allow interaction between and among clients and our analysts. Through this access structure, each of our RoleView research offerings addresses the interplay of an individual client's responsibilities and goals, business demands, and organizational and technology capabilities.

Our RoleView research products include The Forrester Wave™. The Forrester Wave provides a detailed analysis of vendors' technologies and services based on transparent, fully accessible criteria, and measurement of characteristics weighted by us. The Forrester Wave includes an Excel spreadsheet that allows clients to compare products and get in-depth data and analysis about each one and tools to develop a custom shortlist based on the client's unique requirements. The Forrester Wave is our primary mechanism for evaluating enterprise technologies.

Clients subscribing to our RoleView research products may choose between two membership levels:

- *RoleView Member Licenses.* RoleView Member Licenses include access to the written research, as well as Inquiry with analysts, one Event seat, and access to Forrester Webinars. Inquiry enables clients to contact our analysts for quick feedback on projects they may have underway, to discuss ideas and models in the research, or for answers to questions about unfolding industry events. Typically, Inquiry sessions are 30 minute phone calls, scheduled upon client request, or e-mail responses coordinated through our research specialists. Events bring together executives and other participants for one or multi-day conferences to network with their peers and to hear business leaders discuss the issues and solutions most pertinent to their roles and responsibilities. Forrester Webinars are hour-long Web-based conferences on selected topics of interest to particular professional roles that typically are held several times a week. They consist of an analyst-led presentation followed by questions from participants. Members may access the analyst Web presentation and participate in the subsequent forum for questions and discussion among all attendees. Webinars are also made available for member download.
- *RoleView Reader Licenses.* RoleView Reader Licenses provide access to our written research.

Both Member and Reader clients receive access to our research specialists, who provide additional information about our research, methodologies, coverage areas, and sources. The research specialists are available to help clients navigate our website, find relevant information, and put clients in contact with the appropriate analyst for inquiries.

Forrester® Leadership Boards

Our Forrester Leadership Boards are exclusive peer groups for executives and other senior leaders at large organizations worldwide. Clients may participate in one or more Forrester Leadership Boards. Memberships are available to the Chief Information Officer (CIO) Group, the Chief Marketing Officer (CMO) Group and several Councils for the technology and marketing roles we cover. In addition to a Member license to access the appropriate RoleView research offering, members of our Forrester Leadership Boards receive access to the following:

- A private forum for members to test their thinking with peers through local and national meetings, one-to-one and group peer exchanges, and virtual community activities.
- Advisors to challenge members' thinking with insights drawn from peers, our research, and our analyst community.
- Membership-generated content that includes next and best practices as well as role-specific maturity benchmark data.

Data Products & Services

Our Data products and services focus on consumers' and business users' attitudes about and behavior toward technology, including ownership, future purchases, and adoption trends. These products incorporate extensive survey research designed and analyzed by our staff. Our data products are designed to provide fact-based customer insights to our clients. Clients can leverage our data products and services or choose to have us conduct data analysis on their behalf. Our data products and services include:

- *Forrester's Customer Experience (CX) Index.* In 2014 we introduced our CX Index as a stand-alone set of products and services. The CX Index, which uses Forrester's rigorous customer experience methodology, is a framework for assessing and measuring customer experience quality. This unique framework provides useful and actionable information for hundreds of brands, including a customer experience score, quantitative information about the score, and the most important drivers to improve the customer experience score, along with prioritization and simulations tools and a summary of insights provided by a Forrester analyst. We offer three packages of the Forrester CX Index, including a brand package that focuses exclusively on customer perception of the specific brand, an industry package that provides a benchmark of a particular brand's CX Index scores against its competitors, and an add-on best-in-class package that offers deep insights on what distinguishes leading brands. For brands not included in our standard offering, we offer a custom survey approach to build a CX Index scorecard and driver analysis.

- *Consumer Technographics® Data & Services.* Consumer Technographics delivers both primary data and quantitative research, based on surveys of over 400,000 individuals in North America, Europe, Asia Pacific, and Latin America. Marketing and strategy professionals rely on our Consumer Technographics data for unique insights into how technology impacts the way consumers select, purchase, use, and communicate about products and services. We combine respondent data sets from our Consumer Technographics surveys into multiple offerings including: Global Technographics, North American Technographics, European Technographics, Asia Pacific Technographics, and Latin America Technographics. Additionally, clients may have access to a Technographics data advisor to help them use the data effectively to meet their specific business needs.
- *Business Technographics.* Business Technographics is an ongoing quantitative research program that provides comprehensive, in-depth assessments of what motivates businesses to choose certain technologies and vendors over others. The offering also measures and reports on the current information consumption patterns of key influencers for large technology purchases. We annually survey more than 60,000 business and technology executives as well as information workers at small, medium and large enterprises in North American, European, and other global markets. Our surveys reveal these firms' technology adoption, trends, budgets, business organization, decision processes, purchase plans, brand preferences, and primary influences in the purchasing process. Business Technographics' clients may also have access to a dedicated data advisor to assist in utilizing appropriate data to achieve desired outcomes.

Forrester Consulting

Our research-based advisory and project consulting services leverage our RoleView research, Technographics and CX Index data to deliver focused insights and recommendations that assist clients in developing and executing technology and business strategy, informing critical decisions and reducing business risk. Our consulting services help clients with challenges addressed in our published research, such as leading customer experience transformations, digital business transformation, and business technology transformations. We help business and technology professionals conduct maturity assessments, prioritize best practices, develop strategies, build business cases, select technology vendors, and structure organizations. We help marketing professionals at technology vendors develop content marketing strategies, create marketing collateral, and develop sales tools.

Forrester Events

We host multiple events in various locations in North America, Europe and Asia throughout the year. Events build upon our research and data products and services to bring together executives and other participants serving or interested in the particular professional role(s) on which an event focuses. Event participants come together to network with their peers, meet with Forrester analysts, and hear business leaders discuss business and technology issues of interest or significance to the professional roles in attendance and the impact of technology on the professionals and their businesses.

Sales and Marketing

We sell our products and services through our direct sales force in various locations in North America, Europe, Asia, and Australia. Our Premier group focuses on coordinated account management for selling to our largest clients, and all of our other direct sales resources operate through geographic segments in North America, Europe and Asia Pacific that focus on selling to and servicing customers and prospects within the particular geographies. We also sell our products and services through independent sales representatives in select international locations. We employed 510 sales personnel as of December 31, 2014, an increase of 5% from 485 as of December 31, 2013. We also sell certain of our research products directly online through our website.

For information on our operating segments and our international operations, see Note 10 of the Notes to Consolidated Financial Statements included herein.

Our marketing activities are designed to increase awareness of the Forrester brand and further our reputation as a leader in role-based business and technology research. We actively promote brand awareness via our website, Forrester Events, extensive worldwide press relations, and direct mail campaigns. We also employ an integrated direct marketing strategy that uses Internet, mail, and telephone channels for identifying and attracting high-quality sales leads. We encourage our analysts to increase our visibility by having their research ideas selectively distributed through various Internet, print, and television outlets. In addition, we support an active social media strategy whereby our analysts blog regularly with respect to the roles they serve. Other activities, including Twitter, LinkedIn, Facebook, and similar tools interconnect and cross-promote the analysts' blogs and research content.

As of December 31, 2014, our research was delivered to more than 2,400 client companies. No single client company accounted for more than 2% of our 2014 revenues.

Pricing and Contracts

We report our revenue from client contracts in two categories of revenue: (1) research services and (2) advisory services and events. We classify revenue from subscriptions to our RoleView Research, Forrester Leadership Boards and Data Products and Services as research services revenue. We classify revenue from Forrester Consulting and Forrester Events as advisory services and events revenue.

Contract pricing for annual memberships for research only is principally a function of the number of licensed users at the client. Pricing of contracts for research and advisory services is a function of the number of licensed users, and the amount and type of advisory services. We track the agreement value of contracts to purchase research and advisory services as a significant business indicator. We calculate agreement value as 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. Agreement value increased 7% to $231.7 million at December 31, 2014 from $216.5 million at December 31, 2013.

Research Analysts and Methodology

We employ a structured methodology in our research that enables us to identify and analyze business technology trends, markets, and audiences and ensures consistent research quality and recommendations across all coverage areas. We seek to provide relevant research that will contribute to the success of our clients in their professional roles.

We ascertain the issues important to our clients and technology users through thousands of interactions and surveys with vendors and business, marketing, and technology professionals, and accordingly, the majority of our research is focused on helping our clients grow their business. We use the following primary research inputs:

- Confidential interviews with early adopters and mainstream users of new technologies.
- In-depth interviews with business technology vendors and suppliers of related services.
- Ongoing briefings with vendors to review current positions and future directions.
- Continuous dialogue with our clients to identify business and technology opportunities in the marketplace.

Our Consumer Technographics, Business Technographics and CX Index data products combine our qualitative research methodology with traditional survey research methodologies such as correlation, frequency distribution, cross-tabulation, and multivariate statistics to produce research reports, quantitative survey data, and data briefs. Third-party data vendors are frequently used for data collection and tabulation.

The Forrester Wave combines in-depth product test results and user interviews with market and strategic analysis to score attributes of emerging and other technologies. We then apply this research and strategic analysis to determine the weighting of each attribute and create interactive spreadsheets, databases, and reports.

Collaboration among analysts is an integral part of our process, leading to higher-quality research and a unified perspective. All RoleView research begins either with a client or vendor catalyst or with discussion sessions among analysts to generate ideas for research. Analysts test ideas throughout the research process at both informal and regularly scheduled research meetings and using social media technologies. Our reports are consistent in format, and we require our analysts to write in a structure that combines graphics with easy-to-read text to deliver concise, decisive, relevant, and objective research to our clients.

Competition

We believe that the principal competitive factors in our industry include the following:

- Quality of research and analysis and related services.
- The ability to offer products and services that meet the changing needs of organizations and executives for research and analysis.
- Customer service.
- Independent analysis and opinions.
- Timely delivery of information.
- The ability to leverage new technologies.
- Price.

We believe that we compete favorably with respect to each of these factors. We believe that our age of the customer focused role-based strategy, including the diversity of roles we support and the ways in which we support them, as well as our research focus on the business technology agenda, emerging technologies and on winning, serving, and retaining customers, are significant competitive advantages. Additionally, we believe that in addition to our age of the customer focused role-based strategy, our research methodology, data products and services, easy-to-read formats, and portfolio of complementary product offerings distinguish us from our competitors.

We compete principally in the market for research and advisory services and their application for client success, with an emphasis on the impact of technology on our clients' business models and customer markets. Our principal direct competitors include other providers of research and advisory services, such as Gartner, as well as providers of peer networking services and Internet and digital media measurement services. In addition, our indirect competitors include the internal planning and marketing staffs of our current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms, marketing agencies, and general business consulting firms. Our indirect competitors could choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our research. Increased competition could adversely affect our operating results through pricing pressure and loss of market share. There can be no assurance that we will be able to continue to compete successfully against existing or new competitors.

Employees

As of December 31, 2014, we employed a total of 1,351 persons, including 518 research and consulting staff and 510 sales personnel.

Our culture emphasizes certain key values — including client service, courage, collaboration, integrity and quality — that we believe are critical to our future growth. We promote these values through training and frequent recognition for achievement. We encourage teamwork and promote and recognize individuals who foster these values. New employees participate in a three-day training process that focuses on our role-based strategy, our products and services, corporate culture, values and goals.

Item 1A. Risk Factors

We operate in a rapidly changing and competitive environment that involves risks and uncertainties, certain of which are beyond our control. These risks and uncertainties could have a material adverse effect on our business and our results of operations and financial condition. These risks and uncertainties include, but are not limited to:

A Decline in Renewals or Demand for Our Membership-Based Research Services. Our success depends in large part upon retaining (on both a client company and dollar basis) and enriching existing memberships for our research products and services. Future declines in client retention, dollar retention, and enrichment, or if we are unable to generate demand for and new sales of our membership-based research products and services due to competition or otherwise, could have an adverse effect on our results of operations and financial condition.

Demand for Our Advisory and Consulting Services. Advisory and consulting services revenues comprised 27% of our total revenues in 2014 and 26% in 2013. Consulting engagements generally are project-based and non-recurring. A decline in our ability to fulfill existing or generate new project consulting engagements could have an adverse effect on our results of operations and financial condition.

Our Business may be Adversely Affected by the Economic Environment. Our business is in part dependent on technology spending and is impacted by economic conditions. The economic environment may materially and adversely affect demand for our products and services. If conditions in the United States and the global economy were to lead to a decrease in technology spending, or in demand for our research and advisory services, this could have an adverse effect on our results of operations and financial condition.

Our International Operations Expose Us to a Variety of Operational Risks which Could Negatively Impact Our Results of Operations. We have clients in approximately 60 countries and approximately 26% of our revenue comes from international sales. Our operating results are subject to the risks inherent in international business activities, including challenges in staffing and managing foreign operations, changes in regulatory requirements, compliance with numerous foreign laws and regulations, differences between U.S. and foreign tax rates and laws, fluctuations in currency exchange rates, difficulty of enforcing client agreements, collecting accounts receivable, and protecting intellectual property rights in international jurisdictions. Furthermore, we rely on local independent sales representatives in some international locations. If any of these arrangements are terminated by our representatives or us, we may not be able to replace the arrangement on beneficial terms or on a timely basis, or clients sourced by the local sales representative may not want to continue to do business with us or our new representative.

Ability to Develop and Offer New Products and Services. Our future success will depend in part on our ability to offer new products and services. These new products and services must successfully gain market acceptance by anticipating and identifying changes in client requirements and changes in the technology industry and by addressing specific industry and business organization sectors. The process of internally researching, developing, launching and gaining client acceptance of a new product or service, or assimilating and marketing an acquired product or service, is risky and costly. We may not be able to introduce new, or assimilate acquired, products or services successfully. Our failure to do so would adversely affect our ability to maintain a competitive position in our market and continue to grow our business.

Loss of Key Management. Our future success will depend in large part upon the continued services of a number of our key management employees. The loss of any one of them, in particular George F. Colony, our founder, Chairman of the Board and Chief Executive Officer, could adversely affect our business.

We have undergone a substantial internal reorganization. Beginning in 2013, we began to transition the provision of consulting services from our research personnel to consultants in our dedicated consulting organization and have hired additional consulting employees to build out this organization. At the same time, we have hired and continue to increase the number of our quota carrying sales employees. We have incurred material expenses in connection with these actions. If we do not realize anticipated benefits from these actions, our results of operations and financial condition could be adversely effected.

The Ability to Attract and Retain Qualified Professional Staff. Our future success will depend in large measure upon the continued contributions of our senior management team, research analysts, consultants, and experienced sales and marketing personnel. Thus, our future operating results will be largely dependent upon our ability to retain the services of these individuals and to attract additional professionals from a limited pool of qualified candidates. Our future success will also depend in part upon the effectiveness of our sales leadership in hiring and retaining sales personnel and in improving sales productivity. We experience competition in hiring and retaining professionals from developers of Internet and emerging-technology products, other research firms, management consulting firms, print and electronic publishing companies and financial services companies, many of which have substantially greater ability, either through cash or equity, to attract and compensate professionals. If we lose professionals or are unable to attract new talent, we will not be able to maintain our position in the market or grow our business.

Failure to Anticipate and Respond to Market Trends. Our success depends in part upon our ability to anticipate rapidly changing technologies and market trends and to adapt our research to meet the changing information needs of our clients. The technology and commerce sectors that we analyze undergo frequent and often dramatic changes. The environment of rapid and continuous change presents significant challenges to our ability to provide our clients with current and timely analysis, strategies and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources. Any failure to continue to provide insightful and timely analysis of developments, technologies, and trends in a manner that meets market needs could have an adverse effect on our market position and results of operations.

We May be Subject to Network Disruptions or Security Breaches that Could Damage Our Reputation and Harm Our Business and Operating Results. We may be subject to network disruptions or security breaches caused by computer viruses, illegal break-ins or hacking, sabotage, acts of vandalism by third parties or terrorism. Our security measures or those of our third party service providers may not detect or prevent such security breaches. Any such compromise of our information security could result in the unauthorized publication of our confidential business or proprietary information, cause an interruption in our operations, result in the unauthorized release of customer or employee data, result in a violation of privacy or other laws, expose us to a risk of litigation or damage our reputation, which could harm our business and operating results.

Competition. We compete in the market for research products and services with other independent providers of similar services. We may also face increased competition from Internet-based research firms. Some of our competitors have substantially greater financial, information-gathering, and marketing resources than we do. In addition, our indirect competitors include the internal planning and marketing staffs of our current and prospective clients, as well as other information providers such as electronic and print publishing companies, survey-based general market research firms and general business consulting firms. Our indirect competitors may choose to compete directly against us in the future. In addition, there are relatively few barriers to entry into our market, and new competitors could readily seek to compete against us in one or more market segments addressed by our products and services. Increased competition could adversely affect our operating results through pricing pressure and loss of market share.

Failure to Enforce and Protect our Intellectual Property Rights. We rely on a combination of copyright, trademark, trade secret, confidentiality and other contractual provisions to protect our intellectual property. Unauthorized third parties may obtain or use our proprietary information despite our efforts to protect it. The laws of certain countries do not protect our intellectual property to the same extent as the laws of the United States and accordingly we may not be able to protect our intellectual property against unauthorized use or distribution, which could adversely affect our business.

Fluctuations in Our Operating Results. Our revenues and earnings may fluctuate from quarter to quarter based on a variety of factors, many of which are beyond our control, and which may affect our stock price. These factors include, but are not limited to:

- Trends in technology and research and advisory services spending in the marketplace and general economic conditions.
- The timing and size of new and renewal memberships for our research services from clients.
- The utilization of our advisory services by our clients.
- The timing of revenue-generating events sponsored by us.
- The introduction and marketing of new products and services by us and our competitors.

- The hiring and training of new analysts, consultants, and sales personnel.
- Changes in demand for our research and advisory services.
- Fluctuations in currency exchange rates.

As a result, our operating results in future quarters may be below the expectations of securities analysts and investors, which could have an adverse effect on the market price for our common stock. Factors such as announcements of new products, services, offices, acquisitions or strategic alliances by us, our competitors, or in the research and professional services industries generally, may have a significant impact on the market price of our common stock. The market price for our common stock may also be affected by movements in prices of stocks in general.

Taxation Risks. We operate in numerous jurisdictions around the world. A portion of our income is generated outside of the United States and is taxed at rates significantly less than rates applicable to income generated in the U.S. or in other jurisdictions in which we do business. Our effective tax rate in the future, and accordingly our results of operations and financial position, could be adversely affected by changes in applicable tax law or if more of our income becomes taxable in jurisdictions with higher tax rates.

Concentration of Ownership. Our largest stockholder is our Chairman and CEO, George F. Colony, who owns approximately 44% of our outstanding stock. This concentration of ownership enables Mr. Colony to strongly influence or effectively control matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, adoption or amendment of equity plans and approval of significant transactions such as mergers, acquisitions, consolidations and sales or purchases of assets. This concentration of ownership may also limit the liquidity of our stock. As a result, efforts by stockholders to change the direction, management or ownership of Forrester may be unsuccessful, and stockholders may not be able to freely purchase and sell shares of our stock.

Any Weakness Identified in Our System of Internal Controls by Us and Our Independent Registered Public Accounting Firm Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 Could Have an Adverse Effect on Our Business. Section 404 of the Sarbanes-Oxley Act of 2002 requires that companies evaluate and report on their systems of internal control over financial reporting. In addition, our independent registered public accounting firm must report on its evaluation of those controls. There can be no assurance that no weakness in our internal control over financial reporting will occur in future periods, or that any such weakness will not have a material adverse effect on our business or financial results, including our ability to report our financial results in a timely manner.

Item 1B. ***Unresolved Staff Comments***

We have not received written comments from the Securities and Exchange Commission that remain unresolved.

Item 2. ***Properties***

Our corporate headquarters building is comprised of approximately 190,000 square feet of office space in Cambridge, Massachusetts, substantially all of which is currently occupied by the Company. This facility accommodates research, marketing, sales, consulting, technology, and operations personnel. The lease term of this facility expires February 28, 2027.

We also rent office space in San Francisco, New York City, Dallas, McLean, Virginia, Amsterdam, Frankfurt, London, Paris, New Delhi, and Singapore. Our San Francisco lease is for approximately 19,000 square feet, with a term that expires June 30, 2016. Our New York lease is for approximately 15,200 square feet, with an initial term until January 31, 2021, with the right to terminate in 2017 with prior notice and payment of designated early termination fees and charges. The London lease is for approximately 17,800 square feet, with a term that expires September 24, 2021. We also lease office space on a relatively short-term basis in various other locations in North America, Europe, Asia, and Australia.

We believe that our existing facilities are adequate for our current needs and that additional facilities are available for lease to meet future needs.

Item 3. *Legal Proceedings*

We are not currently a party to any material legal proceedings.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market For Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities*

Our common stock is listed on the Nasdaq Global Select Market under the symbol "FORR". During 2013, quarterly dividends of $0.15 per common share were declared and paid in each of the four quarters during the year. During 2014, quarterly dividends of $0.16 per common share were declared and paid in each of the four quarters during the year. In February 2015 our Board of Directors declared an increase in our regular quarterly dividend to $0.17 per share that is payable on March 18, 2015. We intend to continue paying regular quarterly cash dividends; however, the actual declaration of any such future dividends, and the establishment of the per share amount and payment dates for any such future dividends are subject to the discretion of the Board of Directors.

As of March 6, 2015 there were approximately 34 stockholders of record of our common stock. On March 6, 2015 the closing price of our common stock was $37.20 per share.

The following table represents the ranges of high and low sale prices of our common stock for the years ended December 31, 2014 and December 31, 2013:

	2014		2013	
	High	**Low**	**High**	**Low**
First Quarter	$39.97	$34.98	$31.76	$24.88
Second Quarter	$39.79	$34.09	$37.41	$33.01
Third Quarter	$39.89	$36.77	$39.77	$32.15
Fourth Quarter	$41.65	$36.75	$41.36	$36.14

Through 2014, our Board of Directors authorized an aggregate $410.0 million to purchase common stock under our stock repurchase program including $25.0 million authorized in April 2014, $25.0 million authorized in July 2013 and $50.0 million authorized in February 2013. As of December 31, 2014 we had repurchased approximately 14.4 million shares of common stock at an aggregate cost of $402.2 million.

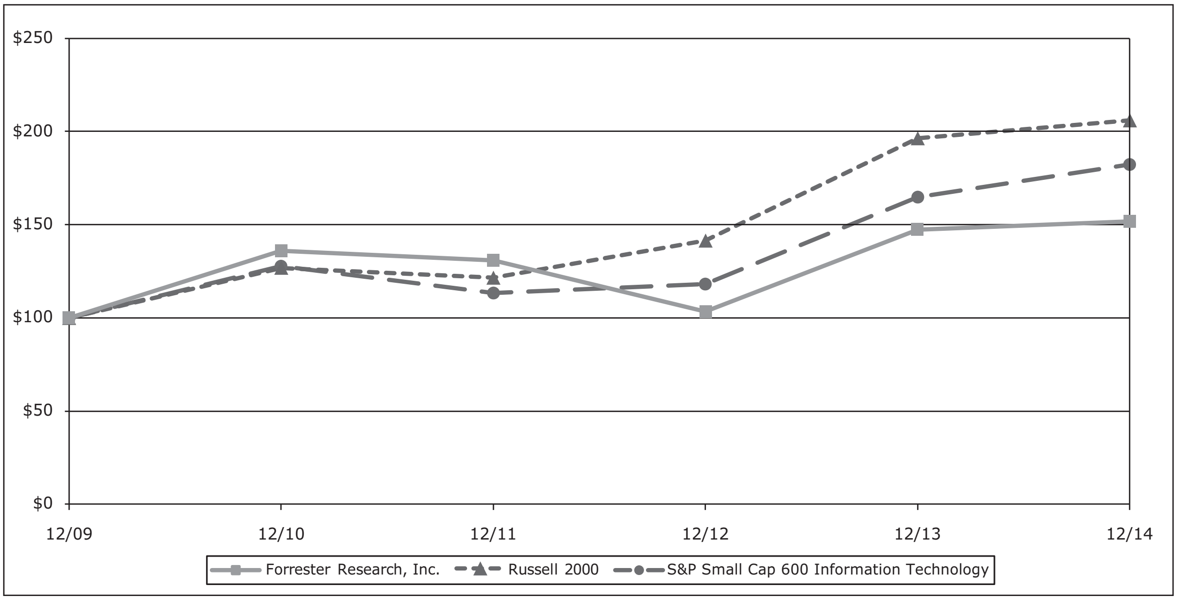
During 2013 the Company retired 11.7 million shares of treasury stock. These retired shares are now included in the Company's pool of authorized but unissued shares. The retired stock had a carrying value of approximately $303.0 million.

During the quarter ended December 31, 2014 we repurchased 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)
October 1—October 31	85,132	$38.77	
November 1—November 30	35,703	$39.38	
December 1—December 31	47,900	$39.70	
	168,735		$7,783

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

The following graph contains the cumulative stockholder return on our common stock during the period from December 31, 2009 through December 31, 2014 with the cumulative return during the same period for the Russell 2000 and the S&P 600 Small Cap Information Technology Index, and assumes that the dividends, if any, were reinvested.



Item 6. ***Selected Consolidated Financial Data***

The selected financial data presented below is derived from our consolidated financial statements and should be read in connection with those statements.

	Years Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except per share amounts)				
Consolidated Statement of Income Data					
Research services	$207,517	$202,843	$203,091	$191,495	$168,597
Advisory services and events	104,545	94,807	89,940	91,840	82,261
Total revenues	312,062	297,650	293,031	283,335	250,858
Income from operations	18,213	21,833	30,760	36,716	30,882
Other income and gains (losses) on investments, net	176	(1,841)	1,394	231	3,550
Net income	$ 10,865	$ 13,024	$ 26,296	$ 21,991	$ 20,832
Basic income per common share	$ 0.58	$ 0.62	$ 1.17	$ 0.97	$ 0.93
Diluted income per common share	$ 0.57	$ 0.61	$ 1.15	$ 0.95	$ 0.90
Basic weighted average shares outstanding	18,713	20,861	22,500	22,666	22,478
Diluted weighted average shares outstanding	19,007	21,353	22,929	23,164	23,063

	As of December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
Consolidated Balance Sheet Data					
Cash, cash equivalents and marketable investments	$104,535	$155,145	$242,656	$227,603	$216,034
Working capital	26,298	78,991	155,278	158,370	146,014
Total assets	332,707	402,202	488,015	487,110	450,747
Deferred revenue	144,568	152,903	150,495	148,004	131,357
Total liabilities	191,105	197,540	190,808	196,960	178,406
Cash dividends declared	11,962	12,394	12,588	—	68,414

The following items impact the comparability of our consolidated data:

- Cash dividends in 2014, 2013 and 2012 represent quarterly dividends of $0.16, $0.15 and $0.14 per common share declared and paid during 2014, 2013 and 2012, respectively. Cash dividends in 2010 represent a special dividend of $3.00 per common share declared and paid in the fourth quarter of 2010.
- The 2013 other income and gains (losses) on investments, net amount includes a $1.9 million loss for the sale of the Company's entire portfolio of auction rate securities.
- The 2012 net income amount includes a $5.9 million deferred income tax benefit resulting from the settlement of a tax audit at the Company's German subsidiary.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Overview

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. No single client accounted for more than 2% of agreement value at December 31, 2014.
- *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 single clients.

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 December 31, 2014	As of December 31, 2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Deferred revenue	$144.6	$152.9	$ (8.3)	(5%)
Agreement value	$231.7	$216.5	$15.2	7%
Client retention	76%	73%	3	4%
Dollar retention	88%	86%	2	2%
Enrichment	97%	97%	—	—
Number of clients	2,431	2,471	(40)	(2%)

	As of December 31, 2013	As of December 31, 2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Deferred revenue	$152.9	$150.5	$ 2.4	2%
Agreement value	$216.5	$220.4	$(3.9)	(2%)
Client retention	73%	77%	(4)	(5%)
Dollar retention	86%	90%	(4)	(4%)
Enrichment	97%	95%	2	2%
Number of clients	2,471	2,462	9	—

Deferred revenue at December 31, 2014 decreased 5% compared to the prior year. When including the amount of future invoicing for contracts at December 31, 2014, the combined amount of deferred revenue and future invoicing decreased 6% compared to the prior year. The decrease in deferred revenue and future invoicing was due to (1) the difference in foreign currency rates in 2014 compared to 2013 that resulted in a 2% decrease, and (2) a shift in the timing of the contract renewal date of approximately $10 million of contracts from December 2014 to January 2015 that resulted in an approximate 4% decrease. Deferred revenue at December 31, 2013 increased 2% compared to the prior year. However when including the amount of future invoicing for contracts at December 31, 2013, the combined amount of deferred revenue and future invoicing was flat compared to the prior year. The change in deferred revenue plus future invoicing for both 2014 and 2013 is reflective of the fact that contract bookings and revenue have grown at essentially the same rates during 2014 and 2013. Agreement value increased 7% at December 31, 2014 compared to the prior year and decreased 2% at December 31, 2013 compared to the prior year. The increase in the growth rate of agreement value in 2014 is due to increased demand for our products combined with an improvement in client and dollar retention rates during 2014. Client retention and dollar retention rates have improved steadily during 2014 compared to 2013 levels. The 2013 rates were at multi-year lows due in part to the negative effects from the challenges associated with the implementation of a sales reorganization in early 2012, high sales employee attrition during 2013 and 2012, a difficult selling environment in Europe and weaker demand for our data subscription products in 2013, in part due to the phasing out of our standalone Tech Marketing Navigator data product.

Critical Accounting Policies and Estimates

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 intangible assets, and income taxes. Management bases its estimates on historical experience, data available at the time the estimates are made and various 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.

We consider the following accounting policies to be those that require the most subjective judgment or that involve uncertainty that could have a material impact on our financial statements. If actual results differ significantly from management's estimates and projections, there could be a material effect on our financial statements. This is not a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP, with no need for management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. For a discussion of our other accounting policies, see Note 1 of the Notes to Consolidated Financial Statements beginning on page F-7.

- *Revenue Recognition*. We generate revenues from licensing memberships to our research (including our data subscription products), performing advisory services and consulting projects and hosting events. We execute contracts that govern the terms and conditions of each arrangement. Revenues are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Our contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products or services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. For example, when a discount off of list price is provided in a multiple element contract, the discount is applied ratably to the research and data products only (which commence delivery on the first day of the contract), as the undelivered products in the contract (advisory services or events) would be refundable to the customer at list price if not delivered. We obtain the selling prices of our products and services based upon an analysis of standalone sales of these products and services during the year. Research services revenues are recognized ratably over the term of the contract. Advisory services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues are recognized as the services are provided. Reimbursed out-of-pocket expenses are recorded as advisory services revenue. Event revenues are recognized upon completion of the event.

  Annual subscriptions to our RoleView research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Forrester leadership boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView research are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period. Arrangement consideration is allocated to each element based upon its relative selling price, which is determined based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data advisor, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. Beginning in February 2013, we discontinued our policy of offering our clients a service guarantee. Service guarantees had provided our clients the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. Furthermore, our revenue recognition determines the timing of commission expenses, as commissions are earned during the month a contract is booked and are deferred and recognized as expense as the related revenue is recognized. We evaluate the recoverability of deferred commissions at each balance sheet date.

- *Stock-Based Compensation.* Stock-based compensation is recognized as an expense based upon the fair value of the award at the time of grant. The determination of the fair value of stock-based compensation requires significant judgment and the use of estimates, particularly surrounding assumptions such as stock price volatility, expected option lives, dividend yields and forfeiture rates. These estimates involve inherent uncertainties and the application of management judgment. As a result, if circumstances change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

  Expected volatility is based, in part, on the historical volatility of our common stock as well as management's expectations of future volatility over the expected term of the awards granted. The development of an expected life assumption involves projecting employee exercise behaviors (expected period between stock option vesting dates and stock option exercise dates). Expected dividend yields are based on expectations of current and future dividends, if any. We are also required to estimate future forfeitures of stock-based awards for recognition of compensation expense. We will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. The actual expense recognized over the vesting period will only be for those awards that vest. If our actual forfeiture rate is materially different from our estimates, or if our estimates of forfeitures are modified in a future period, the actual stock-based compensation expense could be significantly different from what we have recorded in the current period.

- *Non-Marketable Investments.* We hold minority interests in technology-related investment funds with a book value of $3.8 million at December 31, 2014. These investment funds are not publicly traded, and, therefore, because no established market for these securities exists, the estimate of the fair value of our investments requires significant judgment. Investments that are accounted for using the cost method are valued at cost unless an other-than-temporary impairment in their value occurs. For investments that are accounted for using the equity method, we record our share of the investee's operating results each period. We review the fair value of our investments on a regular basis to evaluate whether an other-than-temporary impairment in the investment has occurred. We record impairment charges when we believe that an investment has experienced a decline in value that is other-than-temporary. Future adverse changes in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment's current carrying value, thereby possibly requiring an impairment charge in the future.

- *Goodwill, Intangible Assets and Other Long-Lived Assets.* As of December 31, 2014, we had $80.1 million of goodwill and intangible assets with finite lives recorded on our Consolidated Balance Sheet. Goodwill is required to be measured for impairment at least annually or whenever events indicate that there may be an impairment. In order to determine if an impairment exists, we compare each of our reporting unit's carrying value to the reporting unit's fair value. Determining the reporting unit's fair value requires us to make estimates of market conditions and operational performance. Absent an event that indicates a specific impairment may exist, we have selected November 30 as the date to perform the annual goodwill impairment test. The annual assessment of goodwill can be based on either a quantitative or qualitative assessment, or a combination of both. We completed the annual goodwill impairment testing as of November 30, 2014 utilizing a qualitative assessment and concluded that the fair values of each of our reporting units more likely than not continues to exceed their respective carrying values. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses is impaired. Any resulting impairment loss could have a material adverse impact on our results of operations.

  In connection with our new organizational structure, goodwill was allocated to our new reporting units (which are our three business segments) on a relative fair value basis. The Research and Products reporting units were allocated $77.4 million and $2.6 million of goodwill, respectively, as of January 1, 2014 while the Project Consulting reporting unit was allocated zero goodwill. We performed an interim quantitative impairment test and concluded that the fair values of the Research and Products reporting units substantially exceeded their respective carrying values.

  Intangible assets with finite lives as of December 31, 2014 consist primarily of acquired customer relationships and were valued according to the future cash flows they are estimated to produce. These assigned values are amortized on a basis which best matches the periods in which the economic benefits are expected to be realized. Tangible assets with finite lives consist of property and equipment, which are depreciated over their estimated useful lives. We continually evaluate whether events or circumstances have occurred that indicate that the estimated remaining useful life of our intangible and long-lived tangible assets may warrant revision or that the carrying value of these assets may be impaired. To compute whether intangible assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to their estimated fair value.

- *Income Taxes.* We recognize deferred tax assets and liabilities using enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities as well as operating loss carryforwards (from acquisitions). Such amounts are adjusted as appropriate to reflect changes in the tax rates expected to be in effect when the temporary differences reverse. We record a valuation allowance to reduce our deferred taxes to an amount we believe is more likely than not to be realized. We consider future taxable income and prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

As a global company, we use significant judgment to calculate and provide for income taxes in each of the tax jurisdictions in which we operate. In the ordinary course of our business, there are transactions and calculations undertaken whose ultimate tax outcome cannot be certain. Some of these uncertainties arise as a consequence of transfer pricing for transactions with our subsidiaries and potential challenges to nexus and credit estimates. We estimate our exposure to unfavorable outcomes related to these uncertainties and record a liability based on the probability for such outcomes in accordance with current accounting guidelines.

Although we believe our estimates are reasonable, no assurance can be given that the final tax outcome will not be different from what is reflected in our historical income tax provisions, returns, and accruals. Such differences, or changes in estimates relating to potential differences, could have a material impact on our income tax provision and operating results in the period in which such a determination is made.

Results of Operations for the years ended December 31, 2014, 2013 and 2012

The following table sets forth our Consolidated Statements of Income as a percentage of total revenues for the years noted.

	Years Ended December 31,		
	2014	**2013**	**2012**
Revenues:			
Research services	66.5%	68.1%	69.3%
Advisory services and events	33.5	31.9	30.7
Total revenues	100.0	100.0	100.0
Operating expenses:			
Cost of services and fulfillment	40.4	39.3	38.0
Selling and marketing	37.1	36.0	34.6
General and administrative	12.4	12.9	12.6
Depreciation	3.0	3.1	3.0
Amortization of intangible assets	0.7	0.8	0.8
Reorganization costs	0.6	0.6	0.5
Income from operations	5.8	7.3	10.5
Other income, net	0.2	0.2	0.5
Gains (losses) on investments, net	(0.1)	(0.8)	—
Income before income taxes	5.9	6.7	11.0
Income tax provision	2.4	2.3	2.0
Net income	3.5%	4.4%	9.0%

2014 compared to 2013

Revenues

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in millions)			
Revenues	$312.1	$297.7	$14.4	5%
Revenues from research services	$207.5	$202.8	$ 4.7	2%
Revenues from advisory services and events	$104.5	$ 94.8	$ 9.7	10%
Revenues attributable to customers outside of the U.S.	$ 79.6	$ 78.7	$ 0.9	1%
Percentage of revenue attributable to customers outside of the U.S.	26%	26%	—	—
Number of clients (at end of period)	2,431	2,471	(40)	(2%)
Number of events	15	15	—	—

The 5% increase in revenues during 2014 compared to 2013 was driven by a 10% increase in advisory services and events revenues while research services revenues increased 2% during the period. Foreign exchange fluctuations had an insignificant effect on total revenue growth during 2014. While revenues from customers outside of the U.S. increased 1% during 2014 compared to the prior year, the percentage of revenues attributable to customers outside of the U.S. decreased by less than one percentage point during 2014 compared to the prior year. Foreign exchange fluctuations had an effect of decreasing foreign revenue growth in 2014 by approximately 1% compared to the prior year. We continued to experience stronger growth during 2014 in the U.S. region compared to outside of the U.S. Growth in the Asia Pacific region and Canada was partially offset by a revenue decline (on a constant currency basis) in the European region. The general economic conditions in Europe as well as sales leadership challenges have contributed to a difficult selling environment in that region.

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 2% during 2014 compared to the prior year, which is essentially consistent with the related contract bookings growth during this period. Revenues from our data subscription products declined by approximately $1.2 million in 2014 compared to 2013, the majority of which was due to the phasing out of our Tech Marketing Navigator product that began in 2013. The decline in data subscription revenues was offset by growth in our research product revenues.

Revenue from advisory services and events increased 10% during 2014 as compared to the prior year. The increase was driven by strong growth in advisory and consulting revenues due primarily to strong demand for both advisory and consulting services and an increase in consulting headcount as we completed the build out of a dedicated consulting organization that began in 2013. Events revenues were flat during 2014 as compared to 2013.

Please refer to the "Segment Results" section below for a discussion of revenue and contribution margin results by segment.

Cost of Services and Fulfillment

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$126.2	$117.1	$9.1	8%
Cost of services and fulfillment as a percentage of total revenues	40.4%	39.3%	1.1	3%
Number of research and fulfillment employees (at end of period)	604	562	42	7%

The increase in cost of services and fulfillment expenses during 2014 compared to the prior year is primarily due to a $7.8 million increase in compensation and benefit costs resulting from an increase in the number of employees (consisting of consulting and product specialist employees) and annual merit increases, partially offset by lower incentive bonus expense. We hired additional consulting employees during 2013 and 2014 to build out a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional time on writing research and providing shorter-term advisory services. In addition, 2014 includes increased costs for stock compensation and travel and entertainment (primarily for billable expenses for consulting projects).

Selling and Marketing

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	$115.8	$107.1	$8.7	8%
Selling and marketing expenses as a percentage of total revenues	37.1%	36.0%	1.1	3%
Selling and marketing employees (at end of period)	563	548	15	3%

The increase in selling and marketing expenses during 2014 compared to the prior year is primarily due to an $8.6 million increase in compensation and benefit costs resulting from an increase in sales employees, annual merit increases and increased commission costs resulting from a higher number of sales employees achieving their sales plan, partially offset by lower incentive bonus expense.

Subject to the business environment, we intend to expand our quota carrying sales force by approximately 9% to 11% 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

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	$38.6	$38.3	$ 0.3	1%
General and administrative expenses as a percentage of total revenues	12.4%	12.9%	(0.5)	(4%)
General and administrative employees (at end of period)	184	178	6	3%

The increase in general and administrative expenses during 2014 compared to the prior year is primarily due to a $0.7 million increase in compensation and benefits costs resulting from increased headcount and annual merit increases, partially offset by lower incentive bonus expense, and higher stock compensation costs of $0.7 million. These increases were partially offset by lower professional services expenses in 2014 due primarily to lower accounting and legal costs.

Depreciation

Depreciation expense during 2014 was essentially consistent with the prior year. There was a decrease in depreciation during 2014 due to certain assets becoming fully depreciated during 2014 and this decrease was offset by an increase in depreciation resulting from a $0.4 million immaterial out-of-period adjustment recorded during 2014 to correct an understatement error of depreciation expense of approximately $0.2 million in each of 2013 and 2012.

Amortization of Intangible Assets

Amortization expense remained essentially consistent during 2014 as compared to the prior year.

Reorganization Costs

During 2014 we incurred $1.8 million of 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. The costs under this plan were substantially paid by the end of 2014.

During 2013 we incurred $1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of our workforce worldwide in an effort to streamline our operations.

On February 11, 2015, we announced a reduction in our workforce of approximately 50 positions or 4% of our 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 we expect to increase our headcount by 7% at the end of 2015 compared to 2014 levels. We expect to incur pre-tax expenses of $3.5 million to $4.0 million in the first and second quarters of 2015 related principally to cash severance and related benefit costs for terminated employees.

Income from Operations

Income from operations declined $4.0 million during 2014 as compared to the prior year and declined to 5.8% of total revenues in 2014 from 7.3% in the prior year. Although revenues increased by $14.4 million in 2014, this was offset by a $17.0 million increase in compensation and benefit costs during 2014 from additional headcount investments in our consulting, product and sales organizations and annual merit increases. We anticipate income from operations as a percentage of total revenues to remain flat in 2015 as compared to 2014, as the projected rate of expense growth in 2015 is expected to equal the projected rate of revenue growth in 2015.

Other Income, Net

Other income, net primarily consists of interest income on our investments as well as gains and losses on foreign currency. The decrease in other income, net during 2014 is primarily due to lower interest income earned in 2014 due to lower investment balances, which was partially offset by lower foreign currency losses in 2014 as compared to the prior year.

Gains (Losses) on Investments, Net

Gains (losses) on investments, net include our share of equity method investment gains (losses) from our technology-related investment funds and gains (losses) from the sale of marketable securities. In 2014 we realized an approximate $0.4 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds, and realized approximately $0.1 million of gains from other investments. During 2013 we sold our portfolio of auction rate securities (par value $11.0 million) for a realized loss of $1.9 million. In addition, in 2013 we realized an approximate $0.7 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds, and realized approximately $0.1 million of gains from other investments.

Provision for Income Taxes

	2014	2013	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	$ 7.5	$ 7.0	$0.5	8%
Effective tax rate	40.9%	34.9%	6.0	17%

The increase in the effective tax rate during 2014 as compared to the prior year period is primarily due to the following: the inclusion in 2013 of foreign tax credits that did not recur in 2014; an immaterial out-of-period error recorded in 2014 that increased tax expense by $0.5 million; a lower foreign tax rate benefit in 2014 compared to 2013 due to a smaller portion of our income being earned outside of the U.S. during 2014, and higher state taxes due to an ongoing state audit that increased tax expense by $0.1 million in 2014. These increases were partially offset by a benefit from decreasing our valuation allowance on certain foreign net operating losses due to the utilization of a portion of these losses in 2014.

2013 compared to 2012

Revenues

	2013	2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
		(dollars in millions)		
Revenues	$297.7	$293.0	$ 4.7	2%
Revenues from research services	$202.8	$203.1	$(0.3)	—
Revenues from advisory services and events	$ 94.8	$ 89.9	$ 4.9	5%
Revenues attributable to customers outside of the U.S.	$ 78.7	$ 81.8	$(3.1)	(4%)
Percentage of revenue attributable to customers outside of the U.S.	26%	28%	(2)	(7%)
Number of clients (at end of period)	2,471	2,462	9	—
Number of events	15	15	—	—

The 2% increase in revenues during 2013 compared to 2012 was driven by a 5% increase in advisory services and events revenues while research services revenues were essentially flat during the period. Foreign exchange fluctuations had an insignificant effect on revenue growth during 2013. Revenues from customers outside of the U.S. in 2013 declined by 2% as a percentage of total revenues compared to the prior year period due primarily to a decline in revenues from the European region. The general economic conditions in Europe as well as sales leadership challenges have contributed to a difficult selling environment in that region.

Research services revenues were flat during 2013 compared to the prior year as contract bookings during those periods were essentially flat. Revenues from our data subscription products declined by approximately $2.4 million in 2013 compared to 2012 due primarily to the phasing out of our standalone Tech Marketing Navigator data product in 2013. The decline in data subscription revenues was partially offset by an increase in research product revenue.

Revenues from advisory services and events increased 5% during 2013 as compared to the prior year. The increase during 2013 is due entirely to increased advisory and project consulting revenues, as event revenues were flat in 2013 compared to the prior year. The increase in advisory and project consulting revenues in 2013 as compared to 2012 was generated in the second half of 2013 and was due primarily to both an increase in consulting headcount as we began to build out a dedicated consulting organization in 2013 as well as to increased productivity of our analyst personnel.

Cost of Services and Fulfillment

	2013	2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Cost of services and fulfillment (dollars in millions)	$117.1	$111.2	$5.9	5%
Cost of services and fulfillment as a percentage of total revenues	39.3%	38.0%	1.3	3%
Number of research and fulfillment employees (at end of period)	562	528	34	6%

The increase in cost of services and fulfillment expenses during 2013 compared to the prior year is primarily due to a $6.0 million increase in compensation and benefit costs resulting primarily from an increase in the number of employees, an increase in incentive bonus payments and annual merit increases. In addition, 2013 included an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in professional services fees related to the amount of surveys performed and a decrease in travel and entertainment expenses. We hired additional consulting employees in 2013 in support of our decision to build a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our analysts to spend additional timing on writing research and providing shorter-term advisory services.

Selling and Marketing

	2013	2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Selling and marketing expenses (dollars in millions)	$107.1	$101.4	$5.7	6%
Selling and marketing expenses as a percentage of total revenues	36.0%	34.6%	1.4	4%
Selling and marketing employees (at end of period)	548	528	20	4%

The increase in selling and marketing expenses during 2013 compared to the prior year is primarily due to a $5.2 million increase in compensation and benefits costs resulting from both an increase in sales and marketing employees and annual merit increases. In addition, 2013 included an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in travel and entertainment expenses.

General and Administrative

	2013	2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
General and administrative expenses (dollars in millions)	$38.3	$36.9	$1.4	4%
General and administrative expenses as a percentage of total revenues	12.9%	12.6%	0.3	2%
General and administrative employees (at end of period)	178	180	(2)	(1%)

The increase in general and administrative expenses during 2013 compared to the prior year is primarily due to a $0.8 million increase in compensation and benefits costs due to an increase in incentive bonus payments and annual merit increases. In addition, 2013 included an increase in recruiting costs to support company-wide hiring in 2013 as well as an increase in facility costs due to new office space in the Asia Pacific region in the second half of 2012 and an increase in service fees for cloud-based information systems. These increases were partially offset by a decrease in professional services fees primarily related to a decrease in information technology projects as 2012 included an update to our website and implementation of new customer relationship management software.

Depreciation

Depreciation expense increased $0.3 million during 2013 compared to the prior year primarily resulting from the initiation of depreciation for our new website in March 2012.

Amortization of Intangible Assets

Amortization expense remained essentially consistent during 2013 as compared to the prior year.

Reorganization Costs

During 2013 we incurred $1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of our workforce worldwide to streamline our operations. Essentially all costs incurred for the reorganization were paid during 2013.

We incurred $1.4 million of severance and related costs during 2012 for the termination of 17 employees related to the sales reorganization and other cost reduction initiatives. Essentially all of these costs were paid during 2012.

Income from Operations

Income from operations declined $8.9 million during 2013 as compared to the prior year and declined to 7.3% of total revenues in 2013 from 10.5% in the prior year. The decrease in both dollars and as a percentage of total revenues during 2013 is due primarily to low revenue growth in 2013 combined with increased compensation costs in 2013 from additional headcount investments in our consulting and sales organizations and annual merit increases.

Other Income, Net

Other income, net primarily consists of interest income on our marketable securities as well as gains (losses) on foreign currency. The decrease in other income, net during 2013 is primarily due to lower interest income earned in 2013 due to lower investment balances.

Gains (Losses) on Investments, Net

Gains (losses) on investments, net include our share of equity method investment gains (losses) from our technology-related investment funds and gains (losses) from the sale of marketable securities. In 2013 we sold our portfolio of auction rate securities (par value $11.0 million) for a realized loss of $1.9 million. In addition, in 2013 we realized an approximate $0.7 million loss from our equity method investments primarily from a decrease in the valuation of certain assets within the funds, and realized approximately $0.1 million of gains from other investments. During 2012 the valuation of the assets within these funds remained essentially consistent with the 2011 valuations. Gains (losses) from the sale of marketable securities were insignificant in 2012.

Income Tax Provision

	2013	2012	Absolute Increase (Decrease)	Percentage Increase (Decrease)
Provision for income taxes (dollars in millions)	$ 7.0	$ 5.9	$ 1.1	19%
Effective tax rate	34.9%	18.2%	16.7	92%

The increase in the effective tax rate during 2013 as compared to the prior year is primarily due to the inclusion in 2012 of a tax benefit from the settlement of a tax audit by our German subsidiary that resulted in a 21 percentage point reduction in the effective tax rate, and to higher non-deductible expenses in 2013. This increase in the rate in 2013 was partially offset by an increase in the benefit of the foreign tax rate differential on non-U.S earnings due to higher foreign earnings, foreign tax credits realized in 2013 and a lower state rate in 2013 due to changes in income apportionment in 2013.

Segment Results

At the end of 2013 we reorganized our fulfillment organization into a single global research organization and a single global product organization to better support our client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 we also established a dedicated consulting organization to provide research-based project consulting services to our clients, allowing our research personnel to spend additional time on writing research and providing shorter-term advisory services. As of January 1, 2014 we conformed our internal reporting to match the new organizational structure and as such we are reporting segment information for the newly formed Research, Product and Project Consulting organizations. The 2013 and 2012 segment amounts have been reclassified to conform to the current presentation.

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 by the end of 2014 such that the vast majority of project consulting will 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 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. Revenue and expenses in 2012 include the activity of a pre-existing dedicated consulting team that performed consulting services that were outside of the scope of the consulting delivered by research personnel.

We evaluate reportable segment performance and allocate 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, 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
Year Ended December 31, 2014				
Research services revenues	$207,517	$ —	$ —	$207,517
Advisory services and events revenues	20,759	48,658	35,128	104,545
Total segment revenues	228,276	48,658	35,128	312,062
Segment expenses	39,466	53,307	27,236	120,009
Contribution margin (loss)	188,810	(4,649)	7,892	192,053
Year over year revenue change	3%	(16%)	100%	5%
Year over year expense change	8%	(9%)	73%	8%

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2013				
Research services revenues	$202,843	$ —	$ —	$202,843
Advisory services and events revenues	19,376	57,865	17,566	94,807
Total segment revenues	222,219	57,865	17,566	297,650
Segment expenses	36,384	58,685	15,700	110,769
Contribution margin (loss)	185,835	(820)	1,866	186,881
Year over year revenue change	1%	2%	16%	2%
Year over year expense change	—	2%	20%	4%

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2012				
Research services revenues	$203,091	$ —	$ —	$203,091
Advisory services and events revenues	17,905	56,928	15,107	89,940
Total segment revenues	220,996	56,928	15,107	293,031
Segment expenses	36,468	57,440	13,109	107,017
Contribution margin (loss)	184,528	(512)	1,998	186,014

Product segment revenues increased 3% during 2014 compared to the prior year. Research services revenues increased 2% during 2014 compared to the prior year, which is essentially consistent with the related contract bookings growth during this period. Revenues from our data subscription products declined by approximately $1.2 million in 2014 compared to 2013, the majority of which was due to the phasing out of our Tech Marketing Navigator product that began in 2013. The decline in data subscription revenues was offset by growth in our research product revenues. Events revenues were $12.9 million during 2014 which were flat compared to the prior year. Data advisory revenues increased approximately $1.3 million in 2014 compared to the prior year, representing growth of 20%. Product segment expenses increased 8% during 2014 due primarily to a $3.1 million increase in compensation and benefit costs due to an increase in the number of employees and annual merit increases.

Product segment revenues increased 1% during 2013 compared to the prior year. Research services revenues were flat during 2013 compared to the prior year as contract bookings during those periods were essentially flat. Revenues from our data subscription products declined by approximately $2.4 million in 2013 compared to 2012 due primarily to the phasing out of our standalone Tech Marketing Navigator data product in 2013. The decline in data subscription revenues was partially offset by an increase in research product revenue. Events revenues were $12.9 million during 2013 which were flat compared to the prior year. Data advisory revenues increased approximately $1.5 million in 2013 compared to the prior year, representing growth of 30%. Product segment expenses were flat during 2013 due primarily to a $0.6 million increase in compensation and benefit costs being offset by lower travel and entertainment costs and professional services expenses.

Research segment revenues decreased 16% during 2014 compared to the prior year 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 9% during 2014 due primarily to a decrease in compensation and benefit costs due to a decrease in the number of employees in the Research segment related to the continued transition in the delivery of project consulting services to the Project Consulting segment.

Research segment revenues increased 2% during 2013 compared to the prior year due primarily to an increase in advisory revenue from increased productivity from our analyst personnel. This increase was partially offset by the start of 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 increased 2% during 2013 due primarily to a $2.2 million increase in compensation and benefit costs which were partially offset by lower travel and entertainment costs and professional services expenses.

Project Consulting segment revenues increased 100% and 16% during 2014 and 2013, respectively, compared to the prior year periods, due primarily to the ongoing transition of the performance of project consulting services from research personnel in our Research segment to consulting personnel, strong demand for certain consulting projects, and increased headcount to deliver the projects. Project Consulting segment expenses increased 73% and 20% during 2014 and 2013, respectively, due primarily to a $10.0 million and $2.1 million increase, respectively, in compensation and benefit costs due to an increase in the number of employees and annual merit increases.

Liquidity and Capital Resources

We have historically financed our operations primarily through funds generated from operations. Research services revenues, which constituted approximately 66% of our revenues during 2014, are generally renewable annually and are typically payable in advance. We generated cash from operating activities of $28.8 million and $30.7 million during the years ended December 31, 2014 and 2013, respectively. The $1.9 million decrease in cash provided from operations during 2014 is primarily attributable to a $4.8 million increase in cash paid for income taxes during 2014 and a $2.2 million decrease in net income in 2014 compared to 2013. These decreases in cash were partially offset by a $4.2 million increase in cash generated from accounts receivable and deferred revenue in 2014 compared to 2013, due in part to higher contract bookings during 2014.

During 2014 we generated $24.8 million of cash from investing activities, consisting primarily of $24.7 million in net maturities of marketable investments and $1.5 million of distributions from our non-marketable investments, partially offset by $1.5 million of purchases of property and equipment. Property and equipment purchases during 2014 consisted primarily of software. During 2013 we generated $57.6 million of cash from investing activities, consisting primarily of $60.4 million in net maturities of marketable investments partially offset by $3.1 million of purchases of property and equipment. Property and equipment purchases during 2013 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 $75.9 million of cash from financing activities during 2014 primarily due to $73.2 million of purchases of our common stock. In addition, during 2014 we paid $12.0 million of quarterly dividends consisting of a $0.16 per share dividend each quarter and we received $9.0 million of proceeds from the exercise of stock options and our employee stock purchase plan. We used $113.4 million of cash from financing activities during 2013 primarily due to $118.2 million of purchases of our common stock, of which $75.1 million (including expenses) was purchased through our modified Dutch auction self-tender offer (described below) and $43.1 million was purchased on the open market subsequent to completion of the self-tender offer. In addition, during 2013 we paid $12.4 million of quarterly dividends consisting of a $0.15 per share dividend each quarter and we received $17.4 million of proceeds from the exercise of stock options and our employee stock purchase plan.

On April 3, 2013 we commenced a modified Dutch auction self-tender offer to repurchase up to $130 million of our common stock at a price per share within the range of $32.00 to $36.00. A modified Dutch auction self-tender offer allows stockholders to indicate how many shares and at what price within the company's specified range (in increments of $0.25 per share) they wish to tender. When the tender offer expired, based upon the number of shares tendered and the prices specified by the tendering stockholders, we determined the purchase price, which was the lowest price per share within the range that enabled us to purchase up to $130 million of our common stock. The tender offer expired on May 1, 2013 and we purchased 2,054,732 shares of our common stock on May 7, 2013 at a purchase price of $36.00 per share for an aggregate purchase price of $74.0 million plus $1.1 million of expenses related to the tender offer. We funded the repurchase from cash and marketable securities on hand.

During 2014 our board of directors increased our stock repurchase authorization by $25 million. As of December 31, 2014 our remaining stock repurchase authorization was approximately $7.8 million. In February 2015 our board of directors increased our stock repurchase authorization by an additional $25 million, bringing the total remaining authorization to $28.4 million at the time of the increase. We plan to continue to repurchase our common stock during 2015, as market conditions warrant.

As of December 31, 2014, we had cash and cash equivalents of $49.7 million and marketable investments of $54.9 million. These balances include $33.4 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.

As of December 31, 2014, we had future contractual obligations as follows:

Contractual Obligations	Total	2015	2016	2017	2018	2019	Thereafter
				(In thousands)			
Operating leases	$ 98,217	$10,628	$9,503	$9,347	$9,104	$8,843	$50,792
Purchase commitments	4,055	4,055	—	—	—	—	—
	$102,272	$14,683	$9,503	$9,347	$9,104	$8,843	$50,792

As of December 31, 2014 the total amount of unrecognized tax benefits for uncertain tax positions and the accrual for the related interest, net of the federal benefit, was $2.1 million and was included in non-current liabilities. These amounts were not included in the table above because we are unable to make a reasonably reliable estimate of when a cash settlement, if any, will occur with a tax authority as the timing of examinations and ultimate resolutions of those examinations is uncertain.

Off-Balance Sheet Arrangements

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

Recent Accounting Pronouncements

See Note 1 of the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates. We have historically not used derivative financial instruments.

The primary objective of our investment activities is to preserve principal and maintain liquidity while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable investments in a variety of securities during the course of the year, which may include U.S. government agencies, municipal notes and bonds, corporate notes and bonds, commercial paper, and money market funds. The securities, other than money market funds, are classified as available-for-sale and consequently are recorded on the Consolidated Balance Sheets at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. If interest rates rise, the market value of our investments may decline, which could result in a realized loss if we are forced to sell an investment before its scheduled maturity. We have the ability to hold our fixed income investments until maturity (without giving effect to any future acquisitions or mergers). Therefore, we would not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on our securities portfolio.

The following table provides information about our investment portfolio. For investment securities, the table presents principal cash flows and related weighted-average interest rates by maturity date.

Principal amounts by maturity dates in U.S. dollars (dollars in thousands):

	Years Ended December 31,		
	2015	2016	2017
Federal agency and corporate obligations	21,076	16,109	17,700
Weighted average interest rates	0.78%	0.71%	1.11%

Foreign Currency Exchange. On a global level, we face exposure to movements in foreign currency exchange rates as we enter into normal business transactions that may be in currencies other than the local currency of our subsidiaries. In addition, transactions and account balances between our U.S. and foreign subsidiaries expose us to currency exchange risk. This exposure may change over time as business practices evolve and could have a material adverse effect on our results of operations. For the years ended December 31, 2014, 2013 and 2012, we incurred foreign currency exchange losses of $0.1 million, $0.4 million and $0.4 million, respectively. Historically, we have not entered into any hedging agreements. However, we may enter into hedging agreements in the future to attempt to mitigate the financial effect of future fluctuations in the euro, British pound or other foreign currencies.

Item 8. ***Consolidated Financial Statements and Supplementary Data***

The financial statements listed in the following Index to Financial Statements are filed as a part of this 2014 Annual Report on Form 10-K.

FORRESTER RESEARCH, INC.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Forrester Research, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Forrester Research, Inc. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
March 11, 2015

FORRESTER RESEARCH, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
	(In thousands, except per share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 49,650	$ 74,132
Marketable investments (Note 3)	54,885	81,013
Accounts receivable, net (Note 11)	67,429	77,543
Deferred commissions	13,754	12,939
Prepaid expenses and other current assets	22,277	20,762
Total current assets	207,995	266,389
Property and equipment, net (Note 11)	32,174	39,868
Goodwill (Note 2)	76,683	80,001
Intangible assets, net (Note 2)	3,382	5,777
Other assets	12,473	10,167
Total assets	$332,707	$402,202
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 912	$ 1,024
Accrued expenses and other current liabilities (Note 11)	36,217	33,471
Deferred revenue	144,568	152,903
Total current liabilities	181,697	187,398
Non-current liabilities (Note 11)	9,408	10,142
Total liabilities	191,105	197,540
Commitments (Note 6)		
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 — 20,856 and 20,491 in 2014 and 2013, respectively		
Outstanding 18,153 and 19,756 in 2014 and 2013, respectively	209	205
Additional paid-in capital	124,942	109,676
Retained earnings	117,318	118,415
Treasury stock — 2,703 and 735 in 2014 and 2013, respectively, at cost	(99,254)	(26,088)
Accumulated other comprehensive income (loss)	(1,613)	2,454
Total stockholders' equity	141,602	204,662
Total liabilities and stockholders' equity	$332,707	$402,202

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2014	2013	2012
	(In thousands, except per share data)		
Revenues:			
Research services	$207,517	$202,843	$203,091
Advisory services and events	104,545	94,807	89,940
Total revenues	312,062	297,650	293,031
Operating expenses:			
Cost of services and fulfillment	126,199	117,061	111,228
Selling and marketing	115,753	107,073	101,390
General and administrative	38,584	38,280	36,866
Depreciation	9,325	9,268	8,921
Amortization of intangible assets	2,171	2,230	2,445
Reorganization costs	1,817	1,905	1,421
Total operating expenses	293,849	275,817	262,271
Income from operations	18,213	21,833	30,760
Other income, net	464	592	1,300
Gains (losses) on investments, net	(288)	(2,433)	94
Income before income taxes	18,389	19,992	32,154
Income tax provision	7,524	6,968	5,858
Net income	$ 10,865	$ 13,024	$ 26,296
Basic income per common share	$ 0.58	$ 0.62	$ 1.17
Diluted income per common share	$ 0.57	$ 0.61	$ 1.15
Basic weighted average common shares outstanding	18,713	20,861	22,500
Diluted weighted average common shares outstanding	19,007	21,353	22,929

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2014	2013	2012
		(In thousands)	
Net income	$10,865	$13,024	$26,296
Other comprehensive income (loss), net of taxes:			
Foreign currency translation	(3,977)	826	7,419
Net change in market value of investments	(90)	1,040	(3)
Other comprehensive income (loss)	(4,067)	1,866	7,416
Comprehensive income	$ 6,798	$14,890	$33,712

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional		Treasury Stock		Accumulated Other	Total
	Number of Shares	$.01 Par Value	Paid-in Capital	Retained Earnings	Number of Shares	Cost	Comprehensive Income (Loss)	Stockholders' Equity
					(In thousands)			
Balance, December 31, 2011	30,962	$ 310	$ 373,591	$104,077	8,215	$(181,000)	$(6,828)	$ 290,150
Issuance of common stock under stock plans, including tax effects	489	5	10,374	—	—	—	—	10,379
Stock-based compensation expense	—	—	5,397	—	—	—	—	5,397
Purchase of common stock	—	—	—	—	943	(29,843)	—	(29,843)
Dividends paid on common shares	—	—	—	(12,588)	—	—	—	(12,588)
Net income	—	—	—	26,296	—	—	—	26,296
Net change in marketable investments, net of tax	—	—	—	—	—	—	(3)	(3)
Foreign currency translation	—	—	—	—	—	—	7,419	7,419
Balance, December 31, 2012	31,451	315	389,362	117,785	9,158	(210,843)	588	297,207
Issuance of common stock under stock plans, including tax effects	724	7	17,111	—	—	—	—	17,118
Stock-based compensation expense	—	—	6,051	—	—	—	—	6,051
Purchase of common stock	—	—	—	—	3,261	(118,210)	—	(118,210)
Retirement of treasury stock	(11,684)	(117)	(302,848)	—	(11,684)	302,965	—	—
Dividends paid on common shares	—	—	—	(12,394)	—	—	—	(12,394)
Net income	—	—	—	13,024	—	—	—	13,024
Net change in marketable investments, net of tax	—	—	—	—	—	—	1,040	1,040
Foreign currency translation	—	—	—	—	—	—	826	826
Balance, December 31, 2013	20,491	205	109,676	118,415	735	(26,088)	2,454	204,662
Issuance of common stock under stock plans, including tax effects	365	4	7,822	—	—	—	—	7,826
Stock-based compensation expense	—	—	7,444	—	—	—	—	7,444
Purchase of common stock	—	—	—	—	1,968	(73,166)	—	(73,166)
Dividends paid on common shares	—	—	—	(11,962)	—	—	—	(11,962)
Net income	—	—	—	10,865	—	—	—	10,865
Net change in marketable investments, net of tax	—	—	—	—	—	—	(90)	(90)
Foreign currency translation	—	—	—	—	—	—	(3,977)	(3,977)
Balance, December 31, 2014	20,856	$ 209	$ 124,942	$117,318	2,703	$ (99,254)	$(1,613)	$ 141,602

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2014	2013	2012
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 10,865	$ 13,024	$ 26,296
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,325	9,268	8,921
Amortization of intangible assets	2,171	2,230	2,445
Net (gains) losses from investments	288	2,433	(94)
Deferred income taxes	(7,526)	(4,529)	(10,967)
Stock-based compensation	7,444	6,051	5,397
Amortization of premium on investments	1,273	2,261	2,803
Foreign currency losses	141	385	405
Changes in assets and liabilities			
Accounts receivable	9,140	(2,930)	6,959
Deferred commissions	(815)	(3,529)	2,607
Prepaid expenses and other current assets	620	607	6,610
Accounts payable	(82)	222	(490)
Accrued expenses and other liabilities	2,171	3,547	549
Deferred revenue	(6,220)	1,673	1,706
Net cash provided by operating activities	28,795	30,713	53,147
Cash flows from investing activities:			
Purchases of property and equipment	(1,503)	(3,127)	(5,103)
Purchases of marketable investments	(35,386)	(44,667)	(91,421)
Proceeds from sales and maturities of marketable investments	60,112	105,086	91,335
Change in restricted cash	—	—	946
Other investing activity	1,542	264	167
Net cash provided by (used in) investing activities	24,765	57,556	(4,076)
Cash flows from financing activities:			
Dividends paid on common stock	(11,962)	(12,394)	(12,588)
Repurchases of common stock	(73,166)	(118,210)	(29,843)
Proceeds from issuance of common stock under employee equity incentive plans	8,969	17,387	11,215
Excess tax benefits from stock-based compensation	244	737	345
Payment of deferred acquisition consideration	—	(900)	(864)
Net cash used in financing activities	(75,915)	(113,380)	(31,735)
Effect of exchange rate changes on cash and cash equivalents	(2,127)	433	427
Net increase (decrease) in cash and cash equivalents	(24,482)	(24,678)	17,763
Cash and cash equivalents, beginning of year	74,132	98,810	81,047
Cash and cash equivalents, end of year	$ 49,650	$ 74,132	$ 98,810
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 14,180	$ 9,358	$ 7,102

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

(1) Summary of Significant Accounting Policies

Basis of Presentation

Principles of Consolidation

Forrester Research, Inc. ("Forrester" or "the Company") is an independent research company that provides pragmatic and forward-thinking advice to global leaders in business and technology. Forrester's products and services are targeted to specific roles, including senior management in business strategy, marketing, and technology management principally at $1 billion-plus revenue companies who collaborate with Forrester to accelerate achievement of their business goals. The accompanying consolidated financial statements include the accounts of Forrester and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Forrester considers the more significant of these estimates to be revenue recognition, stock-based compensation, non-marketable investments, goodwill and intangible assets, and income taxes. On an ongoing basis, management evaluates its estimates. Actual results could differ from these estimates.

Out-of-Period Errors

During 2014 the Company recorded $0.3 million of pre-tax expenses ($0.2 million post tax) for out-of-period corrections, of which $0.4 million related to depreciation and $(0.1) million related to other immaterial amounts that related to prior periods. In addition, during 2014 the Company recorded $0.5 million of additional income tax expense for an out-of-period correction. The Company has concluded that these items are immaterial to all current and prior period financial statements.

Fair Value Measurements

The Company has certain financial assets recorded at fair value which 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 carrying amounts reflected in the Consolidated Balance Sheets for cash, cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to their short-term maturities.

Cash, Cash Equivalents, and Marketable Investments

Forrester considers all short-term, highly liquid investments with original maturities at the time of purchase of 90 days or less to be cash equivalents.

The Company's portfolio of investments may at any time include securities of U.S. government agencies, municipal notes, corporate notes and bonds, and money market funds. Forrester accounts for all marketable investments as available-for-sale securities and as such, the marketable investments are carried at fair value, with unrealized gains and losses (not related to credit losses) recorded in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets. Realized gains and losses on securities are included in earnings and are determined using the specific identification method. The Company conducts periodic reviews to identify and evaluate each investment that has an unrealized loss, in accordance with the meaning of other-than-temporary impairment and its application to certain investments, as required under current accounting standards. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Unrealized losses on available-for-sale securities that are determined to be temporary, and not related to credit loss, are recorded, net of tax, in accumulated other comprehensive income (loss). The determination of whether a loss is considered temporary is based in part on whether the Company intends to sell the security or whether the Company would more likely than not be required to sell the security before the expected recovery of the amortized cost basis. During the years ended December 31, 2014, 2013 and 2012, the Company did not record any other-than-temporary impairment charges on its available-for-sale securities.

Concentrations of Credit Risk

Forrester has no significant off-balance sheet or concentration of credit risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially subject Forrester to concentrations of credit risk are principally cash, cash equivalents, marketable investments, and accounts receivable. Forrester places its investments in highly rated securities. No single customer accounted for greater than 3% of revenues or accounts receivable in any of the periods presented.

Deferred Commissions

Commissions incurred in acquiring new or renewing existing contracts, which are earned in the month that a contract is booked, are deferred and expensed to operations as the related revenue is recognized. Forrester evaluates the recoverability of deferred commissions at each balance sheet date.

Goodwill

Goodwill is not amortized; however, it is required to be tested for impairment annually. Furthermore, testing for impairment is required on an interim basis if an event or circumstance indicates that it is more likely than not an impairment loss has been incurred. An impairment loss would be recognized to the extent that the carrying amount of goodwill exceeds its implied fair value. Absent an event that indicates a specific impairment may exist, the Company has selected November 30 as the date for performing the annual goodwill impairment test. Goodwill impairment charges have not been required for the years ended December 31, 2014, 2013 and 2012. In connection with the Company's new organizational structure, goodwill was allocated to its new reporting units (which are the Company's three business segments) on a relative fair value basis. The Company performed an interim quantitative impairment test and concluded that there was no indication of impairment.

Impairment of Other Long-Lived Tangible and Intangible Assets

Forrester continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful life of long-lived assets and intangible assets may warrant revision or if events or circumstances indicate that the carrying value of these assets may be impaired. To compute whether assets have been impaired, the estimated undiscounted future cash flows for the estimated remaining useful life of the assets are compared to the carrying value. To the extent that the future cash flows are less than the carrying value, the assets are written down to the estimated fair value of the asset. Impairment charges have not been required for the years ended December 31, 2014, 2013 and 2012.

Non-Current Liabilities

The Company records certain liabilities that are expected to be settled over a period that exceeds one year as non-current liabilities. The Company also records as a non-current liability the portion of the deferred rent liability that is expected to be recognized over a period greater than one year. Non-current deferred rent liability at December 31, 2014 and 2013 was $6.5 million and $6.7 million, respectively, and primarily results from the difference between cash payments and the straight-line recognition of rent expense under the Company's facility leases.

Foreign Currency

The functional currency of the majority of Forrester's wholly-owned subsidiaries is their respective local currency. These subsidiary financial statements are translated to U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates during the corresponding period for revenues and expenses, with translation gains and losses accumulated as a component of accumulated other comprehensive income (loss). Gains and losses related to the remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency are included in other income, net in the Consolidated Statements of Income. For the years ended December 31, 2014, 2013 and 2012, Forrester recorded $0.1 million, $0.4 million and $0.4 million of foreign exchange losses, respectively, in other income, net.

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 December 31, 2011	$(1,021)	$(5,807)	$(6,828)
Foreign currency translation	—	7,419	7,419
Unrealized gain on investments before reclassification, net of tax of $7	14	—	14
Reclassification adjustment for net gains realized in net income, net of tax of $12	(17)	—	(17)
Balance at December 31, 2012	(1,024)	1,612	588
Foreign currency translation	—	826	826
Unrealized loss on investments before reclassification, net of tax of $41	(111)	—	(111)
Reclassification adjustment for net losses realized in net income, net of tax of $691	1,151	—	1,151
Balance at December 31, 2013	16	2,438	2,454
Foreign currency translation	—	(3,977)	(3,977)
Unrealized loss on investments before reclassification, net of tax of $47	(84)	—	(84)
Reclassification adjustment for net gains realized in net income, net of tax of $8	(6)	—	(6)
Balance at December 31, 2014	$ (74)	$(1,539)	$(1,613)

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

Revenue Recognition

Forrester generates revenues from licensing research (including our data subscription products), performing advisory services and consulting projects and hosting events. Forrester executes contracts that govern the terms and conditions of each arrangement. Revenues are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, services have been provided to the customer, and collectability is reasonably assured. Revenues are presented net of any sales or value added taxes that are collected from customers and remitted to the government. Revenue contracts may include either a single product or service or a combination of multiple products and services. Revenues from contracts that contain multiple products and services are allocated among the separate units of accounting based on their relative selling prices; however, the amount recognized is limited to the amount that is not contingent on future performance conditions. The Company obtains the selling prices of its products and services based on an analysis of standalone sales of these products and services during the year. Research services revenues are recognized ratably over the term of the contract. Advisory services revenues, such as workshops, speeches and advisory days, are recognized when the customer receives the agreed upon deliverable and consulting project revenues, which are short-term in nature and based upon fixed-fee agreements, are recognized as the services are provided. Reimbursed out-of-pocket expenses are recorded as advisory services revenue. Event revenues are recognized upon completion of the event.

Annual subscriptions to our RoleView research include access to all or a designated portion of our research, and depending on the type of license, membership in one or more of our Forrester leadership boards, unlimited phone or email analyst inquiry, unlimited participation in Forrester Webinars, and the right to attend one event. Contracts for RoleView are accounted for as two units of accounting: 1) the event ticket and 2) the remaining research services that are delivered throughout the contract period. Arrangement consideration is allocated to each of these elements based upon their relative selling prices, which is based on standalone sales of event tickets and the estimated selling price of the remaining research services. Annual subscriptions to our data subscription products include access to designated survey data products and access to a data advisor, which are delivered throughout the year, and are accounted for as one unit of accounting and recognized ratably as research services revenue over the membership period. For all contracts entered into through January 2013, clients were offered a service guarantee, which gave them the right to cancel their contracts prior to the end of the contract term and receive a refund for unused products or services. As of February 1, 2013 the Company discontinued its policy of offering all clients a service guarantee.

Stock-Based Compensation

The Company recognizes the fair value of stock-based compensation expense over the requisite service period of the individual grantee, which generally equals the vesting period. Cash flows resulting from the tax benefits of tax deductions in excess of the compensation expense recognized for stock-based awards are classified as financing cash flows. The Company is required to estimate future forfeitures of stock-based awards for recognition of compensation expense. The Company will record additional expense if the actual forfeitures are lower than estimated and will record a recovery of prior recognized expense if the actual forfeitures are higher than estimated. The actual expense recognized over the vesting period will only be for those awards that vest. Stock-based compensation expense was recorded in the following expense categories (in thousands):

	Years Ended December 31,		
	2014	2013	2012
Cost of services and fulfillment	$4,316	$3,585	$3,085
Selling and marketing	1,132	1,136	894
General and administrative	1,996	1,330	1,418
Total	$7,444	$6,051	$5,397

The options granted under the equity incentive plan and shares subject to the employee stock purchase plan were valued utilizing the Black Scholes model using the following assumptions and had the following fair values:

	Years Ended December 31,					
	2014		2013		2012	
	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan	Equity Incentive Plans	Employee Stock Purchase Plan
Average risk-free interest rate	1.69%	0.06%	0.85%	0.12%	0.85%	0.14%
Expected dividend yield	1.8%	2.0%	2.1%	1.9%	1.7%	1.7%
Expected life	5.1 Years	0.5 Years	4.9 Years	0.5 Years	4.5 Years	0.5 Years
Expected volatility	26%	24%	36%	22%	40%	31%
Weighted average fair value	$ 7.91	$ 7.32	$ 9.21	$ 6.02	$ 9.64	$ 6.90

Dividend yields are based on the initiation of a regular quarterly dividend program approved by the board of directors in February 2012. Expected volatility is based, in part, on the historical volatility of Forrester's common stock as well as management's expectations of future volatility over the expected term of the awards granted. The risk-free interest rate used is based on the U.S. Treasury Constant Maturity rate with an equivalent remaining term. Where the expected term of a stock-based award does not correspond with a term for which the interest rates are quoted, Forrester uses the rate with the maturity closest to the award's expected term. The expected term calculation is based upon Forrester's historical experience of exercise patterns. The unamortized fair value of stock-based awards as of December 31, 2014 was $15.8 million, with a weighted average remaining recognition period of 2.5 years.

Allowance for Doubtful Accounts

Forrester maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make contractually obligated payments. When evaluating the adequacy of the allowance for doubtful accounts, the Company makes judgments regarding the collectability of accounts receivable by specifically analyzing historical bad debts, customer concentrations, current economic trends, and changes in the customer payment terms. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required and if the financial condition of the Company's customers were to improve, the allowances may be reduced accordingly.

Depreciation and Amortization

Forrester provides for depreciation and amortization of property and equipment, computed using the straight-line method, over estimated useful lives of assets as follows:

	Estimated Useful Life
Computers and equipment	3 to 10 Years
Computer software	3 to 5 Years
Furniture and fixtures	7 Years
Leasehold improvements	Shorter of asset life or lease term

Forrester provides for amortization of intangible assets, computed using an accelerated method according to the expected cash flows to be received from the underlying assets, over the respective lives as follows:

	Estimated Useful Life
Customer relationships	5 to 11 Years
Research content	1 to 2 Years
Technology	7 Years
Trademarks	1 Year

Income Taxes

Forrester recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statements and tax basis of assets and liabilities as well as operating loss carryforwards.

Forrester's provision for income taxes is composed of a current and a deferred provision for federal, state and foreign jurisdictions. The current provision is calculated as the estimated taxes payable or refundable on tax returns for the current year. The deferred income tax provision is calculated as the net change during the year in deferred tax assets and liabilities. Valuation allowances are provided if based on the weight of available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized.

Forrester accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors including, but not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity, and changes in facts or circumstances related to a tax position. The Company evaluates these tax positions on a quarterly basis. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

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 stock equivalents consist of common stock issuable upon the exercise of outstanding stock options and restricted stock units.

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

	Years Ended December 31,		
	2014	2013	2012
Basic weighted average common shares outstanding	18,713	20,861	22,500
Weighted average common equivalent shares	294	492	429
Diluted weighted average common shares outstanding	19,007	21,353	22,929

For the years ended December 31, 2014, 2013 and 2012, options to purchase approximately 0.6 million, 0.7 million and 0.8 million shares, respectively, were outstanding but not included in the diluted weighted average common share calculation as the effect would have been anti-dilutive.

New Accounting Pronouncements

In May 2014, the 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, 2016, including interim periods within that reporting period. For Forrester, the standard will be effective in the first quarter of 2017. 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. The Company is currently evaluating the potential changes from this ASU to its future financial reporting and disclosures.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The standard addresses the balance sheet presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The standard requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The adoption of this ASU as of January 1, 2014 did not have a material effect on the Company's financial position.

(2) Goodwill and Other Intangible Assets

At the end of 2013 the Company reorganized its fulfillment organization into a single global research organization and a single global product organization to better support its client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 the Company also established a dedicated consulting organization to provide research-based project consulting services to its clients, allowing the Company's research personnel to spend additional time on writing research and providing shorter-term advisory services. As of January 1, 2014 the Company conformed its internal reporting to match the new organizational structure and as such is reporting segment information for the newly formed Research, Product and Project Consulting organizations. The goodwill previously allocated to the former Business Technology ("BT"), Marketing and Strategy ("M&S"), and Events segments has been reassigned to the Products, Research and Project Consulting segments based on the relative fair values of the new segments.

A summary of the goodwill by segment and the changes in the carrying amount of goodwill is shown in the following table (in thousands).

	BT	M&S	Events	Total
Balance, December 31, 2012	$43,491	$33,362	$2,101	$78,954
Translation adjustments	577	442	28	1,047
Balance, December 31, 2013	$44,068	$33,804	$2,129	$80,001

	Products	Research	Project Consulting	Total
Balance, January 1, 2014	$ 2,560	$77,441	$ —	$80,001
Translation adjustments	(106)	(3,212)	—	(3,318)
Balance, December 31, 2014	$ 2,454	$74,229	$ —	$76,683

As of December 31, 2014, the Company had no accumulated goodwill impairment losses.

A summary of Forrester's intangible assets is as follows (in thousands):

	December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	$32,995	$29,613	$3,382
Research content	4,699	4,699	—
Technology	1,507	1,507	—
Trademarks	73	73	—
Total	$39,274	$35,892	$3,382

	December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizable intangible assets:			
Customer relationships	$33,927	$28,552	$5,375
Research content	4,699	4,699	—
Technology	1,507	1,105	402
Trademarks	73	73	—
Total	$40,206	$34,429	$5,777

Amortization expense related to intangible assets was approximately $2.2 million, $2.2 million and $2.4 million during the years ended December 31, 2014, 2013 and 2012, respectively. Estimated amortization expense related to intangible assets that will continue to be amortized is as follows (in thousands):

Year ending December 31, 2015	$ 927
Year ending December 31, 2016	872
Year ending December 31, 2017	822
Year ending December 31, 2018	761
Total	$3,382

(3) Marketable Investments

The following table summarizes the Company's marketable investments, all of which are classified as available-for-sale (in thousands):

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

	As of December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
State and municipal obligations	$ 6,809	$ 5	$ —	$ 6,814
Federal agency and corporate obligations	74,179	112	(92)	74,199
Total	$80,988	$117	$(92)	$81,013

The following table summarizes the maturity periods of the marketable securities in the Company's portfolio as of December 31, 2014.

	FY 2015	FY2016	FY2017	Total
Federal agency and corporate obligations	$21,076	$16,109	$17,700	$54,885

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 December 31, 2014			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Federal agency and corporate obligations	$38,175	$133	$—	$—

	As of December 31, 2013			
	Less Than 12 Months		12 Months or Greater	
	Market Value	Unrealized Losses	Market Value	Unrealized Losses
Federal agency and corporate obligations	$30,645	$ 92	$—	$—

Realized gains or losses on sales of the Company's federal obligations, state and municipal bonds and corporate bonds were not significant for the years ended December 31, 2014 and 2012. During 2013 the Company sold its entire portfolio of ARS (par value $11.0 million) for a realized loss of $1.9 million that is included in gains (losses) on investments, net in the Consolidated Statements of Income.

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

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

	As of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Money market funds (1)	$6,897	$ —	$ —	$ 6,897
State and municipal obligations	—	6,814	—	6,814
Federal agency and corporate obligations (2)	—	80,449	—	80,449
Total	$6,897	$87,263	$ —	$94,160

(1) Included in cash and cash equivalents.
(2) $6.2 million included in cash and cash equivalents at December 31, 2013 as original maturities at the time of purchase were 90 days or less.

Level 2 assets consist of the Company's entire portfolio of federal, state, municipal and 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.

At December 31, 2014 and 2013 the Company held no Level 3 assets. Prior to October 30, 2013 the Company held state and municipal bonds with an auction reset feature (auction rate securities or "ARS"). In February 2008, auctions began to fail for these securities and continued to fail throughout 2013. On October 30, 2013 the Company sold its entire portfolio of ARS for net proceeds of $9.1 million and realized a loss on the sale of $1.9 million. Level 3 assets at December 31, 2012 consisted entirely of ARS. While the Company received interest income on its ARS investments at each interest reset date (which occurred at either 7 or 35 day intervals for each security), these investments traded infrequently and therefore did not have a readily determinable market value. Interest rates on the securities ranged from 0.1% to 0.4% and 0.1% to 0.5% during 2013 and 2012, respectively. The Company valued the ARS using a discounted cash flow model that included unobservable inputs including estimates of interest rates, discount rates and expected holding periods of the securities, which is considered a Level 3 valuation.

The following table provides a summary of changes in fair value of the Company's Level 3 financial assets for the year ended December 31, 2013 (in thousands):

	ARS
Balance at December 31, 2012	$ 8,970
Sales	(9,108)
Gains included in other comprehensive income	138
Losses transferred out of other comprehensive loss	1,892
Losses included in earnings	(1,892)
Balance at December 31, 2013	$ —

(4) Non-Marketable Investments

At December 31, 2014 and 2013, the carrying value of the Company's non-marketable investments, which were composed primarily of interests in technology-related private equity funds, were $3.8 million and $5.7 million, respectively, and are included in other assets in the Consolidated Balance Sheets.

One of the Company's investments, with a book value of $0.7 million and $0.9 million at December 31, 2014 and 2013, 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. During the years ended December 31, 2014, 2013 and 2012, the Company recorded gains (losses) from its non-marketable investments of $(0.3) million, $(0.6) million and $0.1 million, respectively, which are included in gains (losses) on investments, net in the Consolidated Statements of Income. During the years ended December 31, 2014, 2013 and 2012, gross distributions of $1.5 million, $0.4 million and $0.5 million, respectively, were received from the funds.

In May 2013, the Company extended the expiration date of a cash bonus plan, originally adopted in 2000, that would pay a bonus, after the return of invested capital from certain of the Company's investments, to certain key employees. To date, no bonuses have been paid under the plan. The plan will now automatically expire on June 30, 2015, subject to earlier expiration as provided in the plan in the event that prior to such date there are less than 10 participants in the plan or all of the Company's invested capital (as defined in the plan) has been returned to the Company.

(5) Income Taxes

Income before income taxes for the years ended December 31, 2014, 2013 and 2012 consists of the following (in thousands):

	2014	2013	2012
Domestic	$12,939	$13,557	$24,124
Foreign	5,450	6,435	8,030
Total	$18,389	$19,992	$32,154

The components of the income tax provision (benefit) for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands):

	2014	2013	2012
Current:			
Federal	$11,644	$ 8,286	$ 12,420
State	2,239	1,624	3,069
Foreign	1,167	1,587	1,336
Total current	15,050	11,497	16,825
Deferred:			
Federal	(6,470)	(3,935)	(4,449)
State	(1,095)	(562)	(736)
Foreign	39	(32)	(5,782)
Total deferred	(7,526)	(4,529)	(10,967)
Income tax provision	$ 7,524	$ 6,968	$ 5,858

A reconciliation of the federal statutory rate to Forrester's effective tax rate for the years ended December 31, 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Income tax provision at federal statutory rate	35.0%	35.0%	35.0%
Increase (decrease) in tax resulting from:			
State tax provision, net of federal benefit	4.2	3.4	4.9
Foreign tax rate differential	(3.2)	(4.9)	(2.7)
Stock option compensation deduction	2.6	2.0	0.7
Non-deductible expenses	1.1	2.4	0.6
Change in valuation allowance	(1.0)	0.5	(0.8)
Foreign tax credits	—	(3.7)	(0.9)
Benefit upon audit settlement	—	—	(21.1)
Out-of-period adjustment	2.5	—	—
Other, net	(0.3)	0.2	2.5
Effective tax rate	40.9%	34.9%	18.2%

The components of deferred income taxes as of December 31, 2014 and 2013 are as follows (in thousands):

	2014	2013
Non-deductible reserves and accruals	$10,164	$ 7,239
Stock compensation	5,086	4,539
Other assets	838	—
Net operating loss and other carryforwards	9,070	10,830
Gross deferred tax asset	25,158	22,608
Less—valuation allowance	(1,565)	(2,200)
Sub-total	23,593	20,408
Depreciation and amortization	(799)	(2,945)
Goodwill amortization	(5,224)	(5,401)
Other liabilities	—	(2,134)
Deferred commissions	(5,399)	(5,080)
Net deferred tax asset	$12,171	$ 4,848

In July 2012, one of the Company's non-U.S. subsidiaries licensed the intellectual property rights for the territory outside of the U.S. from the Company's U.S. entity in order to align the Company's business with its global operations. The license of intellectual property occurred between two wholly owned legal entities within Forrester that are based in different tax jurisdictions, creating a taxable gain reportable in the transferor entity's jurisdiction. The gain is recognized for income tax purposes only and not in the financial statements. As the gain was the result of an intra-entity transaction, it was eliminated in consolidation for purposes of the consolidated financial statements.

In accordance with GAAP, no gain or immediate tax impact should be recognized in the consolidated financial statements as a result of an intra-entity transaction. The Company recognizes tax expense specifically associated with an intra-entity transfer of intangible property over a period equal to the expected economic lives of the underlying assets being licensed. An amortization period of 9.5 years was determined based on the estimated economic lives of the intellectual property licensed.

Current net deferred tax assets and long-term net deferred tax assets were $4.6 and $7.9 million as of December 31, 2014 and $2.2 and $3.7 million as of December 31, 2013, and are included in prepaid and other current assets and other assets, respectively, in the Consolidated Balance Sheets. Current net deferred tax liabilities and long-term net deferred tax liabilities were $0.2 million and $0.1 million as of December 31, 2014 and $0.2 and $0.9 million as of December 31, 2013, and are included in accrued expenses and other current liabilities and non-current liabilities, respectively, in the Consolidated Balance Sheets.

The Company considers all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of a net deferred income tax asset. Judgment is required in considering the relative impact of negative and positive evidence. In arriving at these judgments, the weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. Although realization is not assured, based upon the Company's historical taxable income and projections of the Company's future taxable income over the periods during which the deferred tax assets are deductible and the carryforwards expire, management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances, as discussed below.

As of December 31, 2014 and 2013, the Company maintained a valuation allowance of approximately $1.6 million and $2.2 million, respectively, primarily relating to foreign net operating loss carryforwards from an acquisition and U.S. capital losses.

As of December 31, 2014, the Company had U.S. federal net operating loss carryforwards of approximately $5.4 million obtained from acquired businesses. These carryforwards are limited pursuant to section 382 of the Internal Revenue Code due to changes in ownership as a result of the acquisitions. If unused, these carryforwards would expire on various dates from 2019 through 2028.

The Company also has foreign net operating loss carryforwards of approximately $23.5 million, which can be carried forward indefinitely. Approximately $5.0 million of the foreign net operating loss carryforwards relate to a prior acquisition, the utilization of which is subject to limitation under the tax law of the United Kingdom. In 2012 the Company settled a tax audit at its German subsidiary resulting in the recognition of $5.9 million in deferred tax assets relating to net operating losses and intangible assets at this subsidiary.

As of December 31, 2014, the Company had U.S. federal and state capital loss carryforwards of $1.2 million, of which $0.8 million expires in 2016 and $0.4 million expires in 2018.

The following table provides a summary of the changes in the deferred tax valuation allowance for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Deferred tax valuation allowance at January 1	$2,200	$2,086	$ 3,077
Additions	17	801	11
Deductions	(574)	(712)	(1,066)
Translation adjustments	(78)	25	64
Deferred tax valuation allowance at December 31	$1,565	$2,200	$ 2,086

During the years ended December 31, 2013 and 2012, the Company recognized approximately $0.4 million and $(0.3) million, respectively, of net tax benefits (deficiencies) from tax deductions in excess of (or less than) book deductions resulting from employee stock option exercises. Net tax benefits were insignificant for the year ended December 31, 2014. The net tax benefits (deficiencies) were recorded as an increase (decrease) to additional paid-in-capital. Excess tax benefits from share-based payments are recognized in the year that the deduction reduces the amount of cash payable for taxes.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $15.6 million as of December 31, 2014. The Company has not provided any additional federal or state income taxes or foreign withholding taxes on the undistributed earnings as such earnings have been indefinitely reinvested in the business. Due to the various methods by which such earnings could be repatriated in the future, the amount of taxes attributable to the undistributed earnings is not practicably determinable.

The Company utilizes a two-step process for the measurement of uncertain tax positions that have been taken or are expected to be taken on a tax return. The first step is a determination of whether the tax position should be recognized in the financial statements. The second step determines the measurement of the tax position. A reconciliation of the beginning and ending amount of unrecognized tax benefits is summarized as follows for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	2014	2013	2012
Unrecognized tax benefits at January 1	$2,012	$1,844	$1,269
Additions for tax positions of prior years	6	414	112
Reductions for tax positions of prior years	—	(256)	(37)
Additions for tax positions of current year	121	19	1,444
Settlements	—	—	(582)
Lapse of statute of limitations	—	—	(360)
Translation adjustments	(3)	(9)	(2)
Unrecognized tax benefits at December 31	$2,136	$2,012	$1,844

As of December 31, 2014, the total amount of unrecognized tax benefits totaled approximately $2.1 million, all of which if recognized, would decrease our effective tax rate in a future period. It is not expected that a significant amount of unrecognized tax benefits would be recognized within the next 12 months.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense and such amounts were not significant in the years ended December 31, 2014, 2013 and 2012. At December 31, 2014 and 2013, the Company had $0.2 million and $0.1 million, respectively, of accrued interest and penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. and in foreign jurisdictions. Generally, the Company is no longer subject to U.S., state, local and foreign income tax examinations by tax authorities in its major jurisdictions for years before 2009, except to the extent of net operating loss and tax credit carryforwards from those years. Major taxing jurisdictions include the U.S., the Netherlands, the United Kingdom, Germany and Switzerland. During 2014 the Internal Revenue Service completed the audit of the Company's 2011 consolidated Federal income tax return and there were no material adjustments.

(6) Commitments

As of December 31, 2014, Forrester had future contractual obligations as follows for operating leases (in thousands):

2015	$10,628
2016	9,503
2017	9,347
2018	9,104
2019	8,843
Thereafter	50,792
Total minimum lease payments	$98,217

The cost of these operating leases, including any contractual rent increases, rent concessions, and landlord incentives, are recognized ratably over the life of the related lease agreement. Aggregate rent expense was $15.9 million, $15.3 million and $14.4 million for the years ended December 31, 2014, 2013, and 2012, respectively.

(7) Stockholders' Equity

Preferred Stock

Forrester has authorized 500,000 shares of $0.01 par value preferred stock. The Board of Directors has full authority to issue this stock and to fix the voting powers, preferences, rights, qualifications, limitations, or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences and the number of shares constituting any series or designation of such series.

Treasury Stock

Through 2014, Forrester's Board of Directors has authorized an aggregate $410.0 million to purchase common stock under its stock repurchase program including $25.0 million authorized in April 2014. The shares repurchased may be used, among other things, in connection with Forrester's equity incentive and purchase plans. As of December 31, 2014 the Company had repurchased approximately 14.4 million shares of common stock at an aggregate cost of $402.2 million.

On April 3, 2013 the Company commenced a "modified Dutch auction" self-tender offer to repurchase up to $130 million of its common stock at a price per share within the range of $32.00 to $36.00. A "modified Dutch auction" self-tender offer allows stockholders to indicate how many shares and at what price within the company's specified range (in increments of $0.25 per share) they wish to tender. When the tender offer expired, based upon the number of shares tendered and the prices specified by the tendering stockholders, the Company determined the purchase price, which was the lowest price per share within the range that enabled the Company to purchase up to $130 million of its common stock. The tender offer expired on May 1, 2013 and the Company purchased 2,054,732 shares of its common stock on May 7, 2013 at a purchase price of $36.00 per share for an aggregate purchase price of $74.0 million, plus approximately $1.1 million of expenses related to the tender offer.

For the year ended December 31, 2013, the Company retired 11.7 million shares of treasury stock. These retired shares are now included in the Company's pool of authorized but unissued shares. The retired stock had a carrying value of approximately $303.0 million. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value of the retired stock from Common Stock and to reflect the excess of cost over par value as a deduction from Additional Paid-in Capital.

Dividends

During the years ended December 31, 2014, 2013 and 2012, the Company declared and paid four quarterly dividends of $0.16, $0.15 and $0.14 per share each quarter, respectively, amounting to $0.64 or $12.0 million, $0.60 or $12.4 million and $0.56 per share or $12.6 million per year, respectively.

Equity Plans

Forrester maintains the following four equity incentive plans: the Amended and Restated 2006 Equity Incentive Plan (the "2006 Plan"), the Amended and Restated 1996 Equity Incentive Plan (the "1996 Plan"), the 2006 Stock Option Plan for Directors, as amended (the "2006 Directors' Plan") and the 1996 Stock Option Plan for Non-Employee Directors (the "1996 Directors' Plan"). Upon approval of the 2006 Plan and the 2006 Directors' Plan by stockholders, no future awards under the 1996 Plan and 1996 Directors' Plan could be granted or issued. In addition, upon approval of an amendment to the 2006 Plan by stockholders in 2012, no future awards under the 2006 Directors' Plan could be granted or issued.

The 2006 Plan provides for the issuance of stock-based awards, including incentive stock options ("ISOs"), non-qualified stock options ("NSOs"), and restricted stock units ("RSUs") to purchase up to 4,350,000 shares authorized in the 2006 Plan, 80,000 shares returned from the 2006 Directors' Plan and up to 2,500,000 shares returned from the 1996 Plan. Under the terms of the 2006 Plan, ISOs may not be granted at less than fair market value on the date of grant (and in no event less than par value). Options generally vest annually over four years and expire after 10 years and RSUs generally vest over three to four years, in each case sometimes subject to performance conditions in addition to the passage of time. Options and RSUs granted under the 2006 Plan immediately vest upon certain events, as described in the 2006 Plan. As of December 31, 2014, approximately 1.3 million shares were available for future grant of awards under the 2006 Plan.

The 1996 Plan provided for the issuance of stock-based awards, including ISOs and NSOs, to purchase up to 13,500,000 shares of common stock. Under the terms of the 1996 Plan, ISOs were not granted at less than fair market value on the date of grant (and in no event less than par value). ISO grants to holders of 10% of the combined voting power of all classes of Forrester stock were required to be granted at an exercise price not less than 110% of the fair market value at the date of grant. Options generally vested ratably over two to four years and expire after 10 years and were sometimes subject to performance conditions in addition to the passage of time. At December 31, 2014, approximately 24,000 options remain outstanding and are fully vested under the 1996 Plan.

The 2006 Directors' Plan provided for the issuance of options to purchase up to 450,000 shares of common stock. Prior to the 2012 annual stockholders meeting, each non-employee director who became a director between annual meetings of stockholders was entitled to receive an option to purchase 6,000 shares of common stock and, following each annual meeting of stockholders, each non-employee director was entitled to receive an option to purchase a specified number of shares of common stock, in all cases at an exercise price equal to the fair market value on the date of grant. Prior to 2011, the annual grant was an option for 12,500 shares of common stock and, in 2011, an option for 12,000 shares of common stock. These options vest in four equal annual installments, with the first installment vested on the date of grant in the case a new director award or upon the anniversary of the applicable annual meeting of stockholders. As of December 31, 2014, approximately 0.2 million options remain outstanding and are fully vested under the 2006 Directors' Plan.

Options issued under the 1996 Directors' Plan were granted at an exercise price equal to the fair market value of the common stock at the time of grant, each year immediately following Forrester's annual stockholders' meeting. These options vested in four equal installments on the first, second, third, and fourth anniversaries of the date of grant. At December 31, 2014, approximately 13,000 options remain outstanding and are fully vested under the 1996 Directors' Plan.

Stock Options

Stock option activity for the year ended December 31, 2014 is presented below (in thousands, except per share data and contractual term):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2013	1,734	$31.85		
Granted	550	38.20		
Exercised	(255)	29.67		
Forfeited	(75)	34.82		
Outstanding at December 31, 2014	1,954	$33.81	7.11	$10,870
Exercisable at December 31, 2014	852	$30.46	5.03	$ 7,582
Vested and expected to vest at December 31, 2014	1,837	$33.61	6.99	$10,587

The total intrinsic value of options exercised during 2014, 2013 and 2012 was $2.3 million, $6.1 million and $3.5 million, respectively.

Restricted Stock Units

Restricted stock units (“RSUs”) represent the right to receive one share of Forrester common stock when the restrictions lapse and the vesting conditions are met, and are valued on the date of grant based upon the value of the Company’s stock on the date of grant less the present value of dividends expected to be paid during the requisite service period. Shares of Forrester’s common stock will be delivered to the grantee upon vesting, subject to a reduction of shares for payment of withholding taxes. The weighted average grant date fair value for RSUs granted in 2014, 2013 and 2012 was $36.67, $34.58 and $33.88, respectively. The value of RSUs vested and converted to common stock, based on the value of Forrester’s common stock on the date of vesting, was $3.5 million, $2.4 million and $1.6 million during 2014, 2013 and 2012, respectively.

RSU activity for the year ended December 31, 2014 is presented below (in thousands, except per share data):

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2013	372	$34.14
Granted	235	36.67
Vested	(96)	33.99
Forfeited	(78)	33.61
Unvested at December 31, 2014	433	$35.64

Employee Stock Purchase Plan

The Amended and Restated Employee Stock Purchase Plan (the “Stock Purchase Plan”) provides for the issuance of up to 0.7 million shares of common stock and as of December 31, 2014 approximately 0.3 million shares remain available for issuance. With certain limited exceptions, all employees of Forrester whose customary employment is more than 20 hours per week, including officers and directors who are employees, are eligible to participate in the Stock Purchase Plan. Purchase periods under the Stock Purchase Plan are generally six months in length and commence on each successive March 1 and September 1. Stock purchased under the Stock Purchase Plan is required to be held for one-year before it is able to be sold. During each purchase period the maximum number of shares of common stock that may be purchased by an employee is limited to the number of shares equal to $12,500 divided by the fair market value of a share of common stock on the first day of the purchase period. An employee may elect to have up to 10% deducted from his or her compensation for the purpose of purchasing shares under the Stock Purchase Plan. The price at which the employee’s shares are purchased is the lower of: a) 85% of the closing price of the common stock on the day that the purchase period commences, or b) 85% of the closing price of the common stock on the day that the purchase period terminates.

Shares purchased by employees under the Stock Purchase Plan are as follows (in thousands, except per share data):

Purchase Period Ended	Shares Purchased	Purchase Price
February 28, 2014	23	$27.83
August 31, 2014	21	$30.55
February 28, 2013	26	$23.34
August 31, 2013	27	$23.42

(8) Employee Pension Plans

Forrester sponsors several defined contribution plans for eligible employees. Generally, the defined contribution plans have funding provisions which, in certain situations, require contributions based upon formulas relating to employee wages or the level of elective participant contributions, as well as allow for additional discretionary contributions. Further, certain plans contain vesting provisions. Forrester's contributions to these plans totaled approximately $4.0 million, $3.6 million and $3.2 million for the years ended December 31, 2014, 2013 and 2012, respectively.

(9) Reorganization

During 2014 the Company terminated approximately 1% of its employees across various geographies and functions primarily to realign resources due to the Company's new organizational structure implemented in late 2013. The Company incurred $1.8 million of severance and related costs for this action.

During the year ended December 31, 2013 the Company incurred $1.9 million of severance and related costs for the elimination of 31 jobs or approximately 2.5% of its workforce worldwide to streamline operations.

In the first quarter of 2012 the Company realigned its sales force to simplify the selling process to its customers and to increase the productivity of the sales organization. The Company incurred approximately $0.4 million of severance costs in the fourth quarter of 2011 for three sales employees located outside of the U.S. based on statutory termination benefits in their country of employment and the fact that termination was considered probable at December 31, 2011. The Company incurred an additional $1.4 million of severance and related costs in 2012 for the termination of 17 additional employees related to the sales reorganization and other cost reduction initiatives.

The activity related to the reorganization accrual during the years ended December 31, 2014 and 2013 is as follows (in thousands):

	Workforce Reduction
Accrual at December 31, 2012	$ 14
Additions	1,905
Cash payments	(1,798)
Accrual at December 31, 2013	121
Additions	1,817
Cash payments	(1,820)
Accrual at December 31, 2014	$ 118

(10) Operating Segment and Enterprise Wide Reporting

At the end of 2013 the Company reorganized its fulfillment organization into a single global research organization and a single global product organization to better support its client base by facilitating better research collaboration and quality, promoting a more uniform client experience and improved customer satisfaction, and encouraging innovation. During 2013 the Company also established a dedicated consulting organization to provide research-based project consulting services to its clients, allowing the Company's research personnel to spend additional time on writing research and providing shorter-term advisory services. As of January 1, 2014 the Company conformed its internal reporting to match the new organizational structure and as such is reporting segment information for the newly formed Research, Product and Project Consulting organizations. The 2013 and 2012 segment amounts have been reclassified to conform to the current presentation.

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 will 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. Revenue and expenses in 2012 include the activity of a pre-existing dedicated consulting team that performed consulting services that were outside of the scope of the consulting delivered by research personnel.

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, 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.

The Company does not identify or allocate assets, including capital expenditures, by operating segment. Accordingly, assets are not being reported by segment because the information is not available by segment and is not reviewed in the evaluation of performance or making decisions in the allocation of resources.

The following tables present information about reportable segments (in thousands):

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2014				
Research services revenues	$207,517	$ —	$ —	$ 207,517
Advisory services and events revenues	20,759	48,658	35,128	104,545
Total segment revenues	228,276	48,658	35,128	312,062
Segment expenses	39,466	53,307	27,236	120,009
Contribution margin (loss)	188,810	(4,649)	7,892	192,053
Selling, marketing, administrative and other expenses				(169,852)
Amortization of intangible assets				(2,171)
Reorganization costs				(1,817)
Other income and gains (losses) on investments				176
Income before income taxes				$ 18,389

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2013				
Research services revenues	$202,843	$ —	$ —	$ 202,843
Advisory services and events revenues	19,376	57,865	17,566	94,807
Total segment revenues	222,219	57,865	17,566	297,650
Segment expenses	36,384	58,685	15,700	110,769
Contribution margin (loss)	185,835	(820)	1,866	186,881
Selling, marketing, administrative and other expenses				(160,913)
Amortization of intangible assets				(2,230)
Reorganization costs				(1,905)
Other income and gains (losses) on investments				(1,841)
Income before income taxes				$ 19,992

	Products	Research	Project Consulting	Consolidated
Year Ended December 31, 2012				
Research services revenues	$203,091	$ —	$ —	$ 203,091
Advisory services and events revenues	17,905	56,928	15,107	89,940
Total segment revenues	220,996	56,928	15,107	293,031
Segment expenses	36,468	57,440	13,109	107,017
Contribution margin (loss)	184,528	(512)	1,998	186,014
Selling, marketing, administrative and other expenses				(151,388)
Amortization of intangible assets				(2,445)
Reorganization costs				(1,421)
Other income and gains (losses) on investments				1,394
Income before income taxes				$ 32,154

Net long-lived tangible assets by location as of December 31, 2014 and 2013 are as follows (in thousands):

	2014	2013
United States	$28,558	$35,167
United Kingdom	1,625	2,212
Europe (excluding United Kingdom)	329	174
Other	1,662	2,315
	$32,174	$39,868

Net revenues by geographic destination and as a percentage of total revenues for the years ended December 31, 2014, 2013, and 2012 are as follows (in thousands):

	2014	2013	2012
United States	$232,440	$218,900	$211,211
Europe (excluding United Kingdom)	30,257	30,956	33,146
United Kingdom	16,804	16,293	16,555
Canada	17,089	16,995	16,742
Other	15,472	14,506	15,377
	$312,062	$297,650	$293,031

	2014	2013	2012
United States	74%	74%	72%
Europe (excluding United Kingdom)	10%	10%	11%
United Kingdom	5%	5%	6%
Canada	6%	6%	6%
Other	5%	5%	5%
	100%	100%	100%

(11) Certain Balance Sheet Accounts

Property and Equipment:

Property and equipment as of December 31, 2014 and 2013 is recorded at cost less accumulated depreciation and consists of the following (in thousands):

	2014	2013
Computers and equipment	$17,785	$18,446
Computer software	22,399	22,315
Furniture and fixtures	8,627	8,902
Leasehold improvements	25,815	26,029
Total property and equipment	74,626	75,692
Less accumulated depreciation	42,452	35,824
	$32,174	$39,868

Accrued Expenses and Other Current Liabilities:

Accrued expenses and other current liabilities as of December 31, 2014 and 2013 consist of the following (in thousands):

	2014	2013
Payroll and related benefits	$24,038	$20,635
Taxes	2,050	2,692
Other	10,129	10,144
	$36,217	$33,471

Non-current Liabilities

Non-current liabilities as of December 31, 2014 and 2013 consist of the following (in thousands):

	2014	2013
Deferred tax liability	$ 97	$ 852
Deferred rent	6,501	6,678
Other	2,810	2,612
	$9,408	$10,142

Allowance for Doubtful Accounts:

A roll-forward of the allowance for doubtful accounts as of and for the years ended December 31, 2014, 2013, and 2012 is as follows (in thousands):

	2014	2013	2012
Balance, beginning of year	$ 254	$ 404	$ 326
Provision for doubtful accounts	320	189	708
Write-offs	(386)	(339)	(630)
Balance, end of year	$ 188	$ 254	$ 404

(12) Summary Selected Quarterly Financial Data (unaudited)

The following is a summary of selected unaudited consolidated quarterly financial data for the years ended December 31, 2014 and 2013 (in thousands, except per share data):

	Three Months Ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Total revenues	$73,071	$82,947	$75,363	$80,681
Income from operations	$ 20	$ 7,080	$ 4,925	$ 6,188
Net income (loss)	$ (66)	$ 4,289	$ 3,043	$ 3,599
Basic income per common share	$ —	$ 0.23	$ 0.17	$ 0.20
Diluted income per common share	$ —	$ 0.23	$ 0.16	$ 0.19

	Three Months Ended			
	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Total revenues	$71,361	$78,953	$69,815	$77,521
Income from operations	$ 3,280	$ 9,788	$ 4,301	$ 4,464
Net income	$ 2,169	$ 6,185	$ 2,509	$ 2,161
Basic income per common share	$ 0.10	$ 0.29	$ 0.12	$ 0.11
Diluted income per common share	$ 0.10	$ 0.28	$ 0.12	$ 0.11

The Company recognized a $1.9 million loss for the sale of its entire portfolio of auction rate securities during the three months ended December 31, 2013.

(13) Subsequent Event

On February 11, 2015, the Company announced 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 7% at the end of 2015 compared to 2014 levels. The Company expects to incur pre-tax expenses of $3.5 million to $4.0 million in the first and second quarters of 2015 related principally to cash severance and related benefit costs for terminated employees.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2014.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is designed 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 (GAAP). Internal control over financial reporting includes those policies and procedures that: 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect material misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2014. In making its assessment, management used the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission in 2013. Based on this assessment, management believes that as of December 31, 2014, the Company’s internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report, which appears on page F-1 of this Annual Report on Form 10-K.

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) of the Exchange Act) that occurred during the quarter ended December 31, 2014 which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Executive Officers

The following table sets forth information about our executive officers as of March 2, 2015.

Name	Age	Position
George F. Colony	61	Chairman of the Board, Chief Executive Officer
Clifford Condon	51	Chief Research Officer
Michael A. Doyle	59	Chief Financial Officer and Treasurer
Gail S. Mann, Esq.	63	Chief Legal Officer and Secretary
Victor Milligan	51	Chief Marketing Officer
Michael Morhardt	51	Chief Sales Officer
Steven Peltzman	46	Chief Business Technology Officer
Lucia Luce Quinn	61	Chief People Officer
Dennis van Lingen	50	Chief Product Officer; Chief EMEA (Europe, Middle East, and Africa) Officer

George F. Colony, Forrester's founder, has served as Chairman of the Board of Directors and Chief Executive Officer since the Company's inception in July 1983, and as President since September 2001 and from 1983-2000.

Clifford Condon became Forrester's Chief Research Officer in October 2013. Previously he served as Vice President, Events, responsible for Forrester's global events business from August 2012 to September 2013, Vice President, Research Strategy and Innovation from January 2010 to July 2012, and Vice President, Marketing and Strategy Research from 2007-2009. Mr. Condon joined Forrester in 1997.

Michael A. Doyle began serving as the Company's Chief Financial Officer and Treasurer in September 2007. Prior to joining the Company, Mr. Doyle was Chief Financial Officer of Easylink Services Corporation, a publicly traded telecommunications messaging provider, since 2004. Prior to joining Easylink, Mr. Doyle was the Chief Financial Officer for North America of Dun & Bradstreet Corporation from 2002 to 2004, and from 1997 to 2002, he held various senior financial and marketing positions with Cendant Corporation.

Gail S. Mann, Esq. became Forrester's Chief Legal Officer and Secretary in February 2004. Ms. Mann previously was of counsel to the law firm of Morse, Barnes-Brown & Pendleton, P.C. from 2002 until joining Forrester. Prior to 2002 Ms. Mann was Vice President and Associate General Counsel of Harcourt General, Inc., a global multimedia publishing company, and its affiliate, The Neiman Marcus Group, a high-end specialty retailer, from 1999-2001, and Vice President and Assistant General Counsel of Digital Equipment Corporation from 1994 to 1998.

Victor Milligan began serving as the Company's Chief Marketing Officer in December 2014. From May 2011 until joining the Company he was Chief Marketing Officer for Nexage, LLC, a provider of supply-side mobile advertising solutions. From 2008-2011, Mr. Milligan was Chief Strategy and Marketing Officer for Lavastorm Analytics, and prior to that a senior managing partner and vertical industry leader at Gartner, Inc.

Michael Morhardt became Forrester's Chief Sales Officer in November 2012. From 2010 until joining our Company, he was Managing Director-Sales at Gerson Lehrman Group, and previously he served in various sales leadership roles at Gartner, Inc., most recently as Group Vice President Worldwide Event Sales and Group Vice President Americas Field Sales.

Steven Peltzman joined Forrester as its Chief Business Technology Officer in September 2011. From 2001 to 2011, Mr. Peltzman was the Chief Information Officer of the Museum of Modern Art in New York City. Prior to that, Mr. Peltzman served as the chief technology officer at MarketMedical.com and as the vice president of technology at Earthweb and was an officer in the United States Air Force.

Lucia Luce Quinn became Forrester's Chief People Officer in June 2013. Prior to joining Forrester, from August 2012 to May 2013 Ms. Quinn consulted with the Center for Higher Ambition Leadership. From 2010 until 2012, she was the Senior Vice President, Human Resources and Corporate Affairs for ConvaTec, a private equity spin-off from Bristol-Meyers Squibb, and from 2005-2009 she served as Executive Vice President, Global Human Resources at Boston Scientific Corporation. Ms. Quinn previously held senior management positions at Quest Diagnostics, Honeywell International, and Digital Equipment Corporation.

Dennis van Lingen became Forrester's Chief Product Officer in October 2013. Previously, he served as Managing Director of our Marketing and Strategy Client Group since January 2007. Mr. Van Lingen also serves as Forrester's Chief Europe, Middle East, and Africa (EMEA) Officer. He was formerly President of EMEA from May 2006 to December 2006 and Vice President of Marketing for the Americas from January 2004 to May 2006. Mr. Van Lingen joined Forrester in 2000 as Director of Marketing for Europe. Before joining Forrester, Mr. Van Lingen worked as a senior manager in the marketing and public relations divisions of Nissan Europe for 10 years.

Our Code of Business Conduct and Ethics covers all employees, officers and directors, including our principal executive, financial and accounting officers. A copy of our Code of Business Conduct and Ethics can be found on our web site, *www.forrester.com*.

We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Company's Code of Business Conduct and Ethics, that relates to a substantive amendment or material departure from a provision of the Code, by posting such information on our Internet website at *www.forrester.com*. We also intend to satisfy the disclosure requirements of the Nasdaq Stock Market regarding waivers of the Code of Business Conduct and Ethics by posting such information on our Internet website at *www.forrester.com*.

The remainder of the response to this item is contained in our Proxy Statement for our 2015 Annual Meeting of Stockholders (the "2015 Proxy Statement") under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance", all of which is incorporated herein by reference.

Item 11. *Executive Compensation*

The response to this item is contained in the 2015 Proxy Statement under the captions "Director Compensation" and "Executive Compensation" and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The response to this item is contained in the 2015 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

The following table summarizes, as of December 31, 2014, the number of options issued under our equity incentive plans and the number of shares available for future issuance under these plans:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)(1)
Equity compensation plans approved by stockholders . . .	2,387,281(1)	$33.81	1,534,472(2)
Equity compensation plans not approved by stockholders . . .	N/A	N/A	N/A
Total	2,387,281	$33.81	1,534,472

(1) Includes 433,207 restricted stock units that are not included in the calculation of the weighted average exercise price.

(2) Includes, as of December 31, 2014, 1,261,713 shares available for issuance under our Amended and Restated 2006 Equity Incentive Plan and 272,759 shares that are available for issuance under our Amended and Restated Employee Stock Purchase Plan.

The shares available under our Amended and Restated 2006 Equity Incentive Plan are available to be awarded as restricted or unrestricted stock or stock units.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The response to this item is contained in the Company's 2015 Proxy Statement under the captions "Information with Respect to Board of Directors", "Certain Relationships and Related Transactions", and "Related Person Transactions" and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

The response to this item is contained in the Company's 2015 Proxy Statement under the caption "Independent Auditors' Fees and Other Matters" and is incorporated herein by reference.

PART IV

Item 15. *Exhibits and Financial Statement Schedules.*

a. Financial Statements. See Index on page 31.

b. Financial Statement Schedules. None.

c. Exhibits. A complete listing of exhibits required is given in the Exhibit Index that precedes the exhibits filed with this report on page 36 hereof.

EXHIBIT INDEX

Exhibit No.	Description
3.1(2)	Restated Certificate of Incorporation of Forrester Research, Inc.
3.2(3)	Certificate of Amendment of the Certificate of Incorporation of Forrester Research, Inc.
3.3(14)	Amended and Restated By-Laws of Forrester Research, Inc.
4(2)	Specimen Certificate for Shares of Common Stock, $.01 par value, of Forrester Research, Inc.
10.1+(16)	Registration Rights and Non-Competition Agreement
10.2+(5)	1996 Amended and Restated Equity Incentive Plan, as amended
10.3+(24)	Amended and Restated Employee Stock Purchase Plan
10.4+(6)	1996 Amended and Restated Stock Option Plan for Non-Employee Directors
10.5+(25)	Amended and Restated 2006 Equity Incentive Plan
10.6+(19)	Stock Option Plan for Directors, as amended
10.7+(8)	Form of Stock Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.8+(9)	Form of Performance-Based Option Certificate (1996 Amended and Restated Equity Incentive Plan)
10.9+(10)	Form of Director's Option Certificate (1996 Amended and Restated Stock Option Plan for Non-Employee Directors)
10.10+(11)	Form of Incentive Stock Option Certificate (2006 Equity Incentive Plan)
10.11+(11)	Form of Non-Qualified Stock Option Certificate (2006 Equity Incentive Plan)
10.12+(12)	Form of Performance-Based Option Certificate (2006 Equity Incentive Plan)
10.13+(17)	Form of Performance-Based Restricted Stock Unit Award Agreement (2006 Equity Incentive Plan)
10.14+(12)	Form of Director's Option Certificate (2006 Stock Option Plan for Directors)
10.15+(14)	Form of Restricted Stock Unit Award Agreement (Amended and Restated 2006 Equity Incentive Plan)
10.16+(13)	Form of Restricted Stock Unit Award Agreement for Directors (Amended and Restated 2006 Equity Incentive Plan)
10.17+(27)	Form of Stock Option Certificate with Non-Solicitation Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.18+(27)	Form of Stock Option Certificate with Non-Solicitation and Non-Competition Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.19+(27)	Form of Restricted Stock Unit Award Agreement with Non-Solicitation Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.20+(27)	Form of Restricted Stock Unit Award Agreement with Non-Solicitation and Non-Competition Covenant (Amended and Restated 2006 Equity Incentive Plan)
10.21+(18)	Amended and Restated Executive Cash Incentive Plan
10.22+(12)	Employment Offer Letter from Company to Michael A. Doyle dated July 24, 2007
10.23+(26)	Amended and Restated Employment Agreement between Forrester Research B.V. and Dennis van Lingen effective as of October 1, 2013

Exhibit No.	Description
10.24+(28)	Promotion and Compensation Letter from the Company to Clifford Condon dated August 12, 2013
10.25+(28)	Employment Offer Letter from the Company to Michael Morhardt dated October 5, 2012
10.26+(29)	Forrester Research, Inc. Executive Severance Plan
10.27+(22)	Employee Retention Plan
10.28+(23)	Amendment to Employee Retention Plan
10.29+(7)	Amendment No. 2 to Employee Retention Plan
10.30(20)	Lease of Premises at Cambridge Discovery Park, Cambridge, Massachusetts dated as of September 29, 2009 from BHX, LLC, as Trustee of Acorn Park I Realty Trust to the Company
10.31(21)	First Amendment of Lease dated as of December 21, 2009 by 200 Discovery Park, LLC, successor to BHX, LLC, as Trustee of Acorn Park I Realty Trust, and the Company
10.32(20)	Agreement Regarding Project Rights dated as of September 29, 2009, by BHX, LLC, a Massachusetts limited liability company, as Trustee of Acorn Park I Realty Trust, a Massachusetts nominee trust, and the Company
10.33(24)	Second Amendment of Lease dated as of February 8, 2012 by 200 Discovery Park, LLC and the Company
10.34(26)	Underlease dated July 15, 2010 among Covington & Burling LLP, Forrester Research Limited, and the Company
10.35(26)	Agreement of Lease dated as of April 30, 2010 between RFL 160 Fifth LLC and the Company
10.36(26)	Office Lease dated November 24, 2010 between 150 Spear Street, LLC and the Company
10.37(26)	First Amendment to Office Lease dated as of August 2012 between 150 Spear Street, LLC and the Company
21(1)	Subsidiaries of the Registrant
23.1(1)	Consent of PricewaterhouseCoopers LLP
31.1(1)	Certification of the Principal Executive Officer
31.2(1)	Certification of the Principal Financial Officer
32.1(1)	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2(1)	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

\+ Denotes management contract or compensation arrangements.

(1) Filed herewith.

(2) Filed as an Exhibit to Forrester's Registration Statement on Form S-1A filed on November 5, 1996 (File No. 333-12761) and incorporated herein by reference.

(3) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 000-21433) and incorporated herein by reference.

(4) Intentionally omitted.

(5) Filed as an Exhibit to Forrester's Annual Report on 10-K for the year ended December 31, 2004 (File No. 000-21433) and incorporated herein by reference.

(6) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2002 (File No. 000-21433) and incorporated herein by reference.

(7) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (File No. 000-21433) and incorporated herein by reference.

(8) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 000-21433) and incorporated herein by reference.

(9) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (File No. 000-21433) and incorporated herein by reference.

(10) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (File No. 000-21433) and incorporated herein by reference.

(11) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (File No. 000-21433) and incorporated herein by reference.

(12) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 000-21433) and incorporated herein by reference.

(13) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 (File No. 000-21433) and incorporated herein by reference.

(14) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 000-21433) and incorporated herein by reference.

(15) Intentionally omitted.

(16) Filed as an Exhibit to Forrester's Registration Statement on Form S-1 filed on September 26, 1996 (File No. 333-12761) and incorporated herein by reference.

(17) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (File No. 000-21433) and incorporated herein by reference.

(18) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on March 22, 2013 (File No. 000-21433) and incorporated herein by reference.

(19) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010 (File No 000-21433) and incorporated herein by reference.

(20) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 000-21433) and incorporated herein by reference.

(21) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 000-21433) and incorporated herein by reference.

(22) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-21433) and incorporated herein by reference.

(23) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 000-21433) and incorporated herein by reference.

(24) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 000-21433) and incorporated herein by reference.

(25) Filed as an Exhibit to Forrester's Proxy Statement on Schedule 14A filed March 26, 2012 (File No. 000-21433) and incorporated herein by reference.

(26) Filed as an Exhibit to Forrester's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 000-21433) and incorporated herein by reference.

(27) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 (File No. 000-21433) and incorporated herein by reference.

(28) Filed as an Exhibit to Forrester's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (File No. 000-21433) and incorporated herein by reference.

(29) Filed as an Exhibit to Forrester's Current Report on Form 8-K filed on May 5, 2014 (File No. 000-21433) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ GEORGE F. COLONY

George F. Colony

Chairman of the Board and Chief Executive Officer

Date: March 11, 2015

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Capacity In Which Signed	Date
/s/ GEORGE F. COLONY George F. Colony	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 11, 2015
/s/ MICHAEL A. DOYLE Michael A. Doyle	Chief Financial Officer (Principal Financial Officer)	March 11, 2015
/s/ SCOTT R. CHOUINARD Scott R. Chouinard	Chief Accounting Officer (Principal Accounting Officer)	March 11, 2015
/s/ HENK W. BROEDERS Henk W. Broeders	Member of the Board of Directors	March 11, 2015
/s/ ROBERT M. GALFORD Robert M. Galford	Member of the Board of Directors	March 11, 2015
/s/ GEORGE R. HORNIG George R. Hornig	Member of the Board of Directors	March 11, 2015
/s/ GRETCHEN TEICHGRAEBER Gretchen Teichgraeber	Member of the Board of Directors	March 11, 2015
/s/ MICHAEL H. WELLES Michael H. Welles	Member of the Board of Directors	March 11, 2015

Notice Of 2015 Annual Meeting Of Stockholders And Proxy Statement

Forrester Research, Inc.
60 Acorn Park Drive
Cambridge, Massachusetts 02140

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

March 30, 2015

To Our Stockholders:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Forrester Research, Inc., which will be held on Tuesday, May 12, 2015, at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts at 10:00 a.m. (local time).

On the following pages, you will find the formal notice of the Annual Meeting and our proxy statement. At the Annual Meeting you are being asked to elect two Class III Directors, to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015, and to approve by non-binding vote our executive compensation.

We hope that many of you will be able to attend in person. I look forward to seeing you there.

Sincerely yours,

GEORGE F. COLONY
Chairman of the Board
and Chief Executive Officer

Forrester Research, Inc.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
May 12, 2015

Notice is hereby given that the 2015 Annual Meeting of Stockholders of Forrester Research, Inc. will be held at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts at 10:00 a.m. (local time) on Tuesday, May 12, 2015 for the following purposes:

1. To elect the two Class III directors named in the accompanying proxy statement to serve until the 2018 Annual Meeting of Stockholders;

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015; and

3. To approve by non-binding vote our executive compensation.

The foregoing items of business are more fully described in the proxy statement accompanying this notice.

Stockholders of record at the close of business on March 26, 2015 are entitled to notice of and to vote at the meeting. A list of stockholders entitled to vote at the meeting will be open to examination by stockholders at the meeting and during normal business hours from May 1, 2015 to the date of the meeting at our offices, located at 60 Acorn Park Drive, Cambridge, Massachusetts 02140.

If you are unable to be present personally, please vote your shares as provided in this proxy statement.

By Order of the Board of Directors

GAIL S. MANN
Secretary

Cambridge, Massachusetts
March 30, 2015

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. PLEASE VOTE YOUR SHARES OVER THE INTERNET OR BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE PROXY CARD, OR COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON.

FORRESTER RESEARCH, INC.

Annual Meeting of Stockholders
May 12, 2015
PROXY STATEMENT

The Board of Directors of Forrester Research, Inc., a Delaware corporation, is soliciting proxies from our stockholders. The proxy will be used at our 2015 Annual Meeting of Stockholders and at any adjournments thereof. You are invited to attend the meeting to be held at 10:00 a.m. (local time) on Tuesday, May 12, 2015 at the offices of the Company, 60 Acorn Park Drive, Cambridge, Massachusetts. This proxy statement was first made available to stockholders on or about March 30, 2015.

This proxy statement contains important information regarding our annual meeting. Specifically, it identifies the proposals upon which you are being asked to vote, provides information that you may find useful in determining how to vote and describes voting procedures.

We use several abbreviations in this proxy statement. We call our Board of Directors the “Board”, refer to our fiscal year which began on January 1, 2014 and ended on December 31, 2014 as “fiscal 2014,” and refer to our fiscal year ending December 31, 2015 as “fiscal 2015”. We also refer to ourselves as “Forrester” or the “Company.”

Who May Attend and Vote?

Stockholders who owned our common stock at the close of business on March 26, 2015 are entitled to notice of and to vote at the annual meeting. We refer to this date in this proxy statement as the “record date.” As of the record date, we had 18,053,088 shares of common stock issued and outstanding. Each share of common stock is entitled to one vote on each matter to come before the meeting.

How Do I Vote?

If you are a stockholder of record of our common stock:

1. *You may vote over the internet.* If you have internet access, you may vote your shares from any location in the world by following the Vote by Internet instructions on the enclosed proxy card.
2. *You may vote by telephone.* You may vote your shares by following the “Vote by Telephone” instructions on the enclosed proxy card.
3. *You may vote by mail.* If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided.
4. *You may vote in person.* If you attend the meeting, you may deliver your completed proxy card in person or fill out and return a ballot that will be supplied to you at the meeting.

By voting over the internet or by telephone, or by signing and returning the proxy card according to the enclosed instructions, you are enabling the individuals named on the proxy card (known as “proxies”) to vote your shares at the meeting in the manner you indicate. We encourage you to vote in advance even if you plan to attend the meeting. In this way, your shares will be voted even if you are unable to attend the meeting. Your shares will be voted in accordance with your instructions. If a proxy card is signed and received by our Secretary, but no instructions are indicated, then the proxy will be voted “FOR” the election of the nominees for directors, “FOR” ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2015, and “FOR” approval of the non-binding vote on our executive compensation.

How Do I Vote if My Shares are Held in Street Name?

If you hold shares in “street name” (that is, through a bank, broker, or other nominee), the bank, broker, or other nominee, as the record holder of your shares, is required to vote your shares according to your instructions.

In order to vote your shares, you will need to follow the directions your brokerage firm provides you. Many brokers also offer the option of voting over the internet or by telephone, instructions for which would be provided by your brokerage firm on your voting instruction form. Please follow the instructions on that form to make sure your shares are properly voted. If you hold shares in "street name" and would like to attend the annual meeting and vote in person, you will need to bring an account statement or other acceptable evidence of ownership of our common stock. In addition, if you wish to vote your shares in person, you must contact the person in whose name your shares are registered and obtain a proxy card from that person and bring it to the annual meeting.

What Does the Board of Directors Recommend?

The Board recommends that you vote FOR the election of nominees for Class III directors identified in Proposal One, FOR ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm as described in Proposal Two, and FOR approval by non-binding vote of our executive compensation as provided in Proposal Three.

If you are a record holder and submit the proxy card but do not indicate your voting instructions, the persons named as proxies on your proxy card will vote in accordance with the recommendations of the Board of Directors. If you hold your shares in "street name", and you do not indicate how you wish to have your shares voted, your nominee has discretion to instruct the proxies to vote on Proposal Two but does not have the authority, without your specific instructions, to vote on the election of directors or on Proposal Three, and those votes will be counted as "broker non-votes".

What Vote is Required for Each Proposal?

A majority of the shares entitled to vote on a particular matter, present in person or represented by proxy, constitutes a quorum as to any proposal. The nominees for election of the Class III directors at the meeting (Proposal One) who receive the greatest number of votes properly cast for the election of directors will be elected. As a result, shares that withhold authority as to the nominees recommended by the Board will have no effect on the outcome. The affirmative vote of the holders of a majority of the shares of common stock present in person or represented by proxy and voting is required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm (Proposal Two), and to approve the non-binding vote on our executive compensation (Proposal Three).

Shares represented by proxies that indicate an abstention or a "broker non-vote" (that is, shares represented at the annual meeting held by brokers or nominees as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) will be counted as shares that are present and entitled to vote on the matter for purposes of determining the presence of a quorum, but are not considered to have been voted, and have the practical effect of reducing the number of affirmative votes required to achieve a majority for those matters requiring the affirmative vote of the holders of a majority of the shares present or represented by proxy and voting (Proposals Two and Three) by reducing the total number of shares from which the majority is calculated. However, because directors are elected by a plurality vote, abstentions and broker non-votes will have no effect on the outcome on Proposal One.

May I Change or Revoke My Vote After I Return My Proxy Card or After I Have Voted My Shares over the Internet or by Telephone?

Yes. If you are a stockholder of record, you may change or revoke a proxy any time before it is voted by:

- returning to us a newly signed proxy bearing a later date;
- delivering a written instrument to our Secretary revoking the proxy; or
- attending the annual meeting and voting in person.

If you hold shares in “street name”, you should follow the procedure in the instructions that your nominee has provided to you.

Who Will Bear the Cost of Proxy Solicitation?

We will bear the expense of soliciting proxies. Our officers and regular employees (who will receive no compensation in addition to their regular salaries) may solicit proxies. In addition to soliciting proxies through the mail, our officers and regular employees may solicit proxies personally, as well as by mail, telephone, and telegram from brokerage houses and other stockholders. We will reimburse brokers and other persons for reasonable charges and expenses incurred in forwarding soliciting materials to their clients.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on May 12, 2015

This proxy statement and our Annual Report to Stockholders are available on-line at www.edocumentview.com/forr. These materials will be mailed to stockholders who request them.

How Can I Obtain an Annual Report on Form 10-K?

Our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is available on our website at www.forrester.com/aboutus. If you would like a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, we will send you one without charge. Please contact Investor Relations, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140, Tel: (617) 613-6000.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table and notes provide information about the beneficial ownership of our outstanding common stock as of February 20, 2015 (except as otherwise noted) by:

(i) each person who we know beneficially owns more than 5% of our common stock;

(ii) each of the executive officers named below in the Summary Compensation Table;

(iii) each member of our Board of Directors; and

(iv) our directors and executive officers as a group.

Except as otherwise indicated, each of the stockholders named in the table below has sole voting and investment power with respect to the shares of our common stock beneficially owned. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission ("SEC") and includes voting or investment power with respect to the shares. Shares subject to exercisable options and vesting restricted stock units include options that are currently exercisable or exercisable within 60 days of February 20, 2015 and shares underlying restricted stock units scheduled to vest within 60 days of February 20, 2015.

	Common Stock Beneficially Owned		
Name of Beneficial Owner	**Shares Beneficially Owned**	**Shares Subject to Exercisable Options and vesting restricted stock units**	**Percentage of Outstanding Shares**
George F. Colony c/o Forrester Research, Inc. 60 Acorn Park Drive, Cambridge, MA 02140(1)	7,934,198	—	44%
Wellington Management Group LLP c/o Wellington Management Company LLP 280 Congress Street Boston, MA 02210(2)	2,443,166	—	13.4%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022(3)	997,539	—	5.5%
P2 Capital Partners, LLC 590 Madison Avenue, 25th Floor New York, NY 10022(4)	932,001	—	5.1%
Henk Broeders	3,583	71,000	*
Robert Galford(5)	18,005	36,625	*
George Hornig	838	21,000	*
Gretchen Teichgraeber	2,833	46,000	*
Michael Welles	11,899	58,500	*
Michael Doyle	7,009	79,875	*
Michael Morhardt	4,541	20,000	*
Lucia L. Quinn	—	7,500	
Dennis van Lingen	1,921	41,500	*
Directors, named executive officers, and other executive officers as a group (14 persons)(1)(5)	7,988,970	452,311	45.6%

(1) Includes 1,580 shares held by Mr. Colony's wife as to which Mr. Colony disclaims beneficial ownership.

(2) Beneficial ownership as of December 31, 2014, as reported in a Schedule 13G filed with the SEC on February 12, 2015, stating that Wellington Management Company, LLP has shared voting power with respect to 1,913,628 shares and shared dispositive power with respect to 2,443,166 shares.

(3) Beneficial ownership as of December 31, 2014, as reported in a Schedule 13G filed with the SEC on February 2, 2015, stating that BlackRock, Inc. has sole voting power with respect to 969,188 shares and sole dispositive power with respect to 997,539 shares.

(4) Beneficial ownership as of January 28, 2015, as reported in a Schedule 13D/A filed with the SEC on January 28, 2015, stating that P2 Capital Master Fund I, L.P. has shared voting power and shared dispositive power with respect to 362,138 shares, P2 Capital Master Fund VI, L.P. has shared voting power and shared dispositive power with respect to 569,863 shares and P2 Capital Partners, LLC and Claus Moller have shared voting power and shared dispositive power with respect to 932,001 shares.

(5) Includes 2,633 shares held in trust for Mr. Galford's adult children, as to which Mr. Galford disclaims beneficial ownership.

* Less than 1%

PROPOSAL ONE:
ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes. The members of each class are elected to serve a three-year term with the term of office of each class ending in successive years. Robert M. Galford and Gretchen G. Teichgraeber are the Class III directors whose terms expire at this annual meeting. The Board of Directors has nominated them to serve as Class III directors until the 2018 annual meeting.

The proxies intend to vote each share for which a proper proxy card has been returned or voting instructions received and not revoked in favor of the Class III directors named above. If you wish to withhold the authority to vote for the election of any of the nominees, your voting instructions must so indicate or your returned proxy card must be marked to that effect.

It is expected that Mr. Galford and Ms. Teichgraeber will be able to serve, but if either of them is unable to serve, the proxies reserve discretion to vote, or refrain from voting, for a substitute nominee or nominees.

The following section provides information about each nominee, including information provided by each nominee and sitting director about his or her principal occupation and business experience for the past five years and the names of other publicly-traded companies, if any, for which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented with respect to each nominee's and each sitting director's experience, qualifications and skills that led our Board to conclude that he or she should serve as a director, we also believe that all of our directors, including the two nominees for election at the 2015 annual meeting of stockholders, has demonstrated business acumen and a significant commitment to our company, and has a reputation for integrity and adherence to high ethical standards.

NOMINEES FOR CLASS III DIRECTORS — TERM EXPIRING 2018

Robert M. Galford, age 62, a Class III director, became a director of Forrester in November 1996. Since November 2007, Mr. Galford has been the managing partner of the Center for Leading Organizations, an organizational development firm he founded in Concord, Massachusetts. From 2001 to 2007, Mr. Galford was a managing partner of the Center for Executive Development, an executive education provider in Boston, Massachusetts. We believe Mr. Galford's qualifications to serve on our Board of Directors include his many years of organizational development and executive education experience, along with his more recent corporate governance experience as an instructor for the National Association of Corporate Directors.

Gretchen G. Teichgraeber, age 61, a Class III director, became a director of Forrester in December 2005. Ms. Teichgraeber is the chief executive officer of Leadership Directories, Inc., a premier information services company that publishes biographical and contact data on leaders in the private and public sectors. Previously, Ms. Teichgraeber was an independent consultant to digital media companies and various non-profit organizations from 2007 to 2009. From 2000 to 2007, Ms. Teichgraeber was the chief executive officer of Scientific American, Inc., publisher of the science and technology magazine, Scientific American. Prior to joining Scientific American, Ms. Teichgraeber served as general manager, publishing, and vice president, marketing and information services at CMP Media, Inc., a leading provider of technology news and information. We believe Ms. Teichgraeber's qualifications to serve on our Board of Directors include her significant general management and marketing experience in the publishing and information services business, including on-line and print media, as well as the gender diversity she brings to our Board of Directors.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES NAMED ABOVE.

CLASS II DIRECTORS CONTINUING IN OFFICE UNTIL 2016

Henk W. Broeders, age 62, a Class II director, became a director of Forrester in May 1998. Mr. Broeders has been serving as the chief executive officer of Jaarbeurs, an events and conferences company located in the Netherlands, since October 2013. Mr. Broeders was an independent consultant from February 2013 until October 2013, and previously, from October 2003 until February 2013, Mr. Broeders was a member of the Executive Committee of Cap Gemini S.A., a global management consulting firm headquartered in Paris, France operating under the name CapGemini. From 1998 to 2003, Mr. Broeders served as Chairman of the Executive Board of Cap Gemini N.V., a subsidiary of Cap Gemini S.A. located in the Netherlands. We believe Mr. Broeders' qualifications to serve on our Board of Directors include his many years of operational and management experience in the management consulting business, along with his experience with and perspective on European business as a Dutch national who worked for a firm headquartered in France.

George R. Hornig, age 60, a Class II director, became a director of Forrester in November 1996. Mr. Hornig is the Senior Managing Director and Chief Operating Officer of PineBridge Investments, an independent investment advisor. From 2006 until November 2010, Mr. Hornig was Managing Director and Co-Chief Operating Officer of Asset Management and the head of Asset Management Americas at Credit Suisse, a global financial services firm, and from 1999-2006, he was the Managing Director and Chief Operating Officer of Alternative Investments at Credit Suisse. We believe Mr. Hornig's qualifications to serve on our Board of Directors include his three decades of finance and management experience in the investment banking and private equity business.

CLASS I DIRECTORS CONTINUIING IN OFFICE UNTIL 2017

George F. Colony, age 61, a Class I director, is the founder of Forrester and since 1983, he has served as Chairman of the Board and Chief Executive Officer. He also has served as Forrester's President since September 2001, and he previously was Forrester's President from 1983 to 2000. We believe Mr. Colony's qualifications to serve on our Board of Directors and as its Chairman include his extensive experience in the research industry, including more than 30 years as our chief executive officer, and his significant ownership stake in the Company.

Michael H. Welles, age 60, a Class I director, became a director of Forrester in November 1996. Mr. Welles is chief operating officer, a founder, and director of S2 Security Corporation, an IP-based facility security systems company. Previously, he served as vice president and general manager of the platforms business with NMS Communications, an OEM infrastructure supplier to the telecom industry from 2000 to 2002. We believe Mr. Welles' qualifications to serve on our Board of Directors include his considerable knowledge of the information technology industry, his experience as the chief operating officer of a company he co-founded, and his many years of general management experience in global technology companies.

Corporate Governance

We believe that good corporate governance is important to ensure that Forrester is managed for the long-term benefit of its stockholders. Based on our continuing review of the provisions of the Sarbanes-Oxley Act of 2002, rules of the Securities and Exchange Commission and the listing standards of The NASDAQ Stock Market, our Board of Directors has adopted Corporate Governance Guidelines, an amended and restated charter for the Audit Committee of the Board of Directors, and a charter for the Compensation and Nominating Committee of the Board.

Our Corporate Governance Guidelines include stock retention guidelines applicable to executive officers and directors. The guidelines require executive officers and directors of the Company to retain at least 50% of the net shares of Forrester common stock delivered to them upon the exercise or vesting of stock-based awards granted on and after January 1, 2010. Net shares are the number of shares remaining after shares are sold or netted to pay the exercise price of stock-based awards and applicable withholding taxes. For directors, the applicable withholding tax is presumed to be the minimum withholding tax applicable to an employee. These guidelines may be waived, at the discretion of the Compensation and Nominating Committee of the Board of Directors, if compliance with the guidelines would create severe hardship or prevent an executive officer or director from complying with a court order.

We also have a written code of business conduct and ethics that applies to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer, and persons performing similar functions. You can access our Code of Business Conduct and Ethics, Corporate Governance Guidelines and our current committee charters on our website, at www.forrester.com/aboutus.

Information With Respect to Board of Directors

Board Meetings and Committees

Our Board of Directors has determined that each of the current directors, with the exception of Mr. Colony, our Chairman and Chief Executive Officer, is independent under applicable NASDAQ standards as currently in effect.

Our Board of Directors held six meetings during fiscal 2014. Each director attended at least 75 percent of the aggregate of the meetings of the Board of Directors and of each committee of which he or she is a member. Forrester does not require directors to attend the annual meeting of stockholders. Mr. Colony, who presided at the meeting, and Robert M. Galford attended the 2014 annual meeting of stockholders. Historically, very few stockholders have attended our annual meeting and we have not found it to be a particularly useful forum for communicating with our stockholders. The Board of Directors currently has two standing committees, the Audit Committee and the Compensation and Nominating Committee, whose members consist solely of independent directors.

Our Audit Committee consists of three members: George R. Hornig, Chairman, Henk W. Broeders, and Michael H. Welles, each of whom, in addition to satisfying the NASDAQ independence standards, also satisfies the Sarbanes-Oxley independence requirements for audit committee membership. In addition, the Board has determined that Mr. Hornig is an "audit committee financial expert" under applicable rules of the Securities and Exchange Commission, and all of the members of the Audit Committee satisfy the financial literacy standards of NASDAQ. The Audit Committee held five meetings during fiscal 2014. The responsibilities of our Audit Committee and its activities during fiscal 2014 are described in the committee's amended and restated charter, which is available on our website at www.forrester.com/aboutus. The charter will also be made available without charge to any stockholder who requests it by writing to Forrester Research, Inc., Attn: Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140.

Our Compensation and Nominating Committee consists of three members: Robert M. Galford, Chairman, Gretchen G. Teichgraeber, and Michael H. Welles. The Compensation and Nominating Committee held seven meetings during fiscal 2014. The Compensation and Nominating Committee has authority, as specified in the committee's charter, to, among other things, evaluate and approve the compensation of our Chief Executive Officer, review and approve the compensation of our other executive officers, administer our stock plans, and oversee the development of executive succession plans for the CEO and other executive officers. The committee also has the authority to identify and recommend to the Board qualified candidates for director. The Compensation and Nominating Committee charter is available on our website at www.forrester.com/aboutus. The charter will also be made available without charge to any stockholder who requests it by writing to Forrester Research, Inc., Attn: Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140.

Compensation Committee Interlocks and Insider Participation

No person who served during the past fiscal year as a member of our Compensation and Nominating Committee is or was an officer or employee of Forrester, or had any relationship with Forrester requiring disclosure in this proxy statement. During the past fiscal year, none of our executive officers served as a member of the board of directors of another entity, any of whose executive officers served as one of our directors.

Board Leadership Structure

At the present time, Mr. Colony serves as both Chairman of the Board and Chief Executive Officer. Mr. Colony is a significant stakeholder in Forrester, beneficially owning approximately 44% of our outstanding common stock. As such, we believe it is appropriate that he set the agenda for the Board of Directors in addition to serving as the Chief Executive Officer. We also do not believe that the size of the Company warrants the division of these responsibilities. We do not have a single lead director because our Board of Directors is small enough that the independent directors work effectively together as a group and the presiding director at meetings of the independent directors rotates among the chairmen of the committees.

The Board's Role in Risk Oversight; Risk Considerations in our Compensation Programs

The Board's role in the Company's risk oversight process includes receiving regular reports from members of management on areas of material risk to the Company, including financial, strategic, operational, legal and regulatory risks. The full Board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives these reports from the appropriate manager within the Company. When a committee receives such a report, the Chairman of the relevant Committee reports on the discussion to the full Board during the Committee reports portion of the next Board meeting, enabling the full Board to coordinate the risk oversight role, particularly with respect to risk interrelationships.

Our Compensation and Nominating Committee does not believe that our compensation programs encourage excessive or inappropriate risk taking. We structure our pay programs to consist of both fixed and variable compensation, with the fixed base salary portion providing steady income regardless of our stock price performance. The variable components, consisting of cash bonus and stock-based awards, and for our chief sales officer, sales commissions, are designed to reward both short and long-term performance. Targets under our bonus plans are a function of bookings and profit (described in greater detail in the Compensation Discussion and Analysis below), important financial metrics for our business. For long-term performance, we generally award a combination of time-based stock options and restricted stock units generally vesting over four years. We believe that the variable elements of compensation are a sufficient percentage of overall compensation to motivate executives to produce excellent short and long-term results for the Company, while fixed base salary is also sufficiently high such that the executives are not encouraged to take unnecessary or excessive risks. In addition, our bonus plan funding metrics apply company-wide, regardless of function or client group, which we believe encourages relatively consistent behavior across the organization. While sales commissions are not capped, we cap our bonus at 1.8 times target company performance. Therefore, even if Company performance dramatically exceeds target performance, bonus payouts are limited. Conversely, we have a minimum threshold on Company performance under our executive bonus plan approved by the Compensation and Nominating Committee so that the bonus plan is not funded at performance below a certain level. We also believe that our Executive Severance

Plan adopted in 2014 and described in detail below, which provides severance compensation in the event of involuntary termination of employment without cause and in connection with a change in control, promotes stability and continuity of operations.

Director Candidates

As noted above, the Compensation and Nominating Committee has responsibility for recommending nominees for election as directors of Forrester. Our stockholders may recommend individuals for this committee to consider as potential director candidates by submitting their names and background to the "Forrester Research Compensation and Nominating Committee", c/o Chief Legal Officer and Secretary, 60 Acorn Park Drive, Cambridge, MA 02140. The Compensation and Nominating Committee will consider a recommended candidate for the next annual meeting of stockholders only if biographical information and background material are provided no later than the date specified below under "Stockholder Proposals" for receipt of director nominations.

The process that the Compensation and Nominating Committee will follow to identify and evaluate candidates includes requests to Board members and others for recommendations, meetings from time to time to evaluate biographical information and background material relating to potential candidates, and interviews of selected candidates by members of the Compensation and Nominating Committee. Assuming that biographical and background material is provided for candidates recommended by the stockholders, the Compensation and Nominating Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members.

In considering whether to recommend any candidate for inclusion in the Board's slate of recommended director nominees, including candidates recommended by stockholders, the Compensation and Nominating Committee will apply the criteria set forth in the committee's charter and in the Corporate Governance Guidelines. These criteria include, among others, the candidate's integrity, age, experience, commitment, diligence, conflicts of interest and the ability to act in the interests of all stockholders. Although the Compensation and Nominating Committee considers as one of many factors in the director identification and nomination process diversity of race, gender and ethnicity, as well as geography and business experience, it has no specific diversity policy. The Compensation and Nominating Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a composite mix of experience, knowledge and abilities, including direct operating experience, that will allow the Board to fulfill its responsibilities.

In addition, our by-laws permit stockholders to nominate directors for election at an annual meeting of stockholders, other than as part of the Board's slate. To nominate a director, in addition to providing certain information about the nominee and the nominating stockholder, the stockholder must give timely notice to Forrester, which, in general, requires that the notice be received by us no less than 90 nor more than 120 days prior to the anniversary date of the preceding annual meeting of stockholders. In accordance with our by-laws, the 2016 Annual Meeting will be held on May 10, 2016.

Communications from Stockholders

The Board will give appropriate attention to communications on issues that are submitted by stockholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by committee charters, the Compensation and Nominating Committee, with the assistance of the Chief Legal Officer and Secretary, will be primarily responsible for monitoring communications from stockholders and will provide copies of summaries of such communications to the other directors as deemed appropriate.

Stockholders who wish to send communications on any topic to the Board should address such communications to the Forrester Research Compensation and Nominating Committee, c/o Chief Legal Officer and Secretary, Forrester Research, Inc., 60 Acorn Park Drive, Cambridge, MA 02140.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

We have implemented an executive compensation program that rewards performance. Our executive compensation program is designed to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. The elements of our executives' total compensation are base salary, cash incentive awards, equity incentive awards and other employee benefits. We have designed a compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are exceeded, and subject to reduction when performance targets are not achieved.

2014 Business Results

In 2014, we made progress on our strategic shift to capitalize on the opportunity presented by the age of the customer. The Company met both its sales plan and its revenue, operating income and earnings per share guidance for the year, with revenues increasing by 5% to $312.1 million.

Compensation for Performance

A substantial amount of the total compensation of our executive officers is linked to our performance, both through short-term cash incentive compensation and long-term equity incentive compensation. We believe this aligns our executives' incentives with our objective of enhancing stockholder value over the longer term.

Cash Compensation. A significant portion of the current cash compensation opportunity for our executive officers is made through our Amended and Restated Executive Cash Incentive Plan (the "Executive Cash Incentive Plan"). As described in more detail below, payments under the plan are based on company financial performance metrics (for 2014, booked sales accounts or "bookings" and adjusted operating profit). By design, our plan pays more when we perform well and less, or nothing, when we do not. For example, our 2012 operating results were below our expectations and resulted in no payout under the Executive Cash Incentive Plan, while our 2013 operating results were consistent with our targeted levels, resulting in a full payout under the Executive Cash Incentive Plan. In 2014, while our business results were within revenue, operating income and earnings per share guidance for the year, our adjusted operating profit was below the target we set when establishing our 2014 plan. Accordingly, no payout with respect to 2014 performance was made under the Executive Cash Incentive Plan. However, to recognize the progress made in our strategic shift and sales growth, we made discretionary cash awards to our named executive officers at a payout level corresponding to 40% of target cash incentive compensation.

Equity Awards. Another key component of compensation for our executive officers consists of long-term equity incentives, in the form of both restricted stock units (RSUs) and stock options. In 2014, all RSUs and stock options granted to executive officers vest over time, with 25% to vest annually over four years. We believe these awards have retention value and reflect a balance between short-term financial performance and long-term shareholder return, supporting our performance-based compensation. Consistent with past years, we did not grant equity awards in 2014 to George Colony, our Chairman and Chief Executive Officer, who is the beneficial owner of approximately 44% of our common stock.

Compensation Program Changes in 2014

Base Salary and Short-Term Cash Incentive Compensation. Based on a review of market data, and taking into account the contributions of the named executive officers in 2013, during its annual executive compensation review our Compensation and Nominating Committee (the "Committee") left the base salaries of the named executive officers unchanged from 2013, while increasing the target cash incentive bonus amount of Mr. Colony by 54.3% and the target cash incentive bonus amounts of our other named executive officers eligible for compensation adjustments in 2014 by an average of 10.2% over 2013, as discussed further below. At the same time, the Committee implemented individual performance modifiers that could reduce, but not increase, the 2014 cash incentive bonus amount otherwise payable to Mr. Colony.

Executive Severance Plan. Effective May 15, 2014, our Board of Directors adopted and approved an executive severance plan applicable to all of the Company's executive officers, including the named executive officers, as discussed in more detail below.

Say on Pay Stockholder Vote. As we have done each year since 2011, in 2014 we submitted our executive compensation program to an advisory vote of our stockholders and, consistent with the results of our previous say on pay votes, it received the support of more than 95% of the total votes cast at our annual meeting. We pay careful attention to any feedback we receive from our stockholders about our executive compensation program, including the say on pay vote. The Committee considered such feedback when setting our executive cash compensation program and granting equity awards to executives in 2014, and will continue to consider stockholder feedback in its subsequent executive compensation decision making.

Compensation Objectives and Strategy

The primary purpose of our executive compensation program is to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. Our principal objectives and strategy concerning our executive compensation program are as follows:

- encourage achievement of key Company values — including client service, quality, collaboration, courage and integrity — that we believe are critical to our continued growth;
- base cash compensation on individual achievement and responsibility, teamwork, and our short-term financial performance;
- align employees' incentives with our objective of enhancing stockholder value over the longer term through long-term incentives, principally in the form of stock options and RSUs; and
- emphasize individual excellence and encourage employees at all levels, as well as executive officers, to take initiative and lead individual projects that enhance our performance.

These objectives and strategy are reviewed each year by the Committee, which oversees our executive compensation program. In furtherance of these objectives, the Committee takes the following actions each year:

- reviews the performance of George Colony, our Chairman and Chief Executive Officer, including his demonstration of leadership and his overall contribution to the financial performance of the Company;
- reviews the assessment by Mr. Colony of the performance of the other executive officers against their individual and team goals;
- reviews the company-wide financial goals that are used in the calculation of the cash incentive compensation for our executives;
- reviews all components of compensation for each executive officer: base salary, short-term cash incentive compensation, and long-term equity incentive compensation;
- assesses relevant market data; and
- holds executive sessions (without our management present) as appropriate to accomplish the above actions.

Mr. Colony also plays a substantial role in the compensation process for the other executive officers, primarily by recommending annual goals for the executives reporting directly to him, evaluating their performance against those goals, and providing recommendations on their compensation to the Committee.

The Committee did not engage an independent compensation consultant in 2014 for its general executive compensation analysis because the members were comfortable relying on their independent review of the market data, surveys and other supporting information provided by management, taking into account that the Company does not offer special perquisites, deferred compensation plans, or other special executive compensation arrangements. However, as discussed below, the Committee did consult Pearl Meyer & Partners in 2014 in connection with its evaluation of compensation paid to our chief executive officer, given Mr. Colony's unique ownership position in the Company. The Committee believes it is adequately experienced to address relevant issues and discharge its responsibilities consistent with the Company's compensation objectives and philosophy.

The Committee has not historically used formal benchmarking data to establish compensation levels, but has relied instead on relevant market data and surveys to design compensation packages that it believes are competitive with other similarly situated companies or those with whom we compete for talent. While compensation surveys provide useful data for comparative purposes, the Committee believes that successful compensation programs also require the application of sound judgment and subjective determinations of individual and Company performance.

The Committee believes it is helpful to utilize data compiled from a wide array of companies and believes it important to consider comparative data from companies of comparable size and revenue, operating within a comparable industry, and located or operating within our principal geographic markets. In setting executive compensation for 2014, the Committee primarily considered data from the Radford Global High Technology Survey and Kenexa's IPAS Global High Technology Survey, which included companies with annual revenues from $200 million to $500 million, as well as comparable companies in the geographies applicable to our executives. For each of the Company's executive officers, other than Mr. Colony, the data the Committee reviewed included comparative market percentiles for base salary and target short-term cash incentive as a percentage of base salary (or "Target Bonus Percentage"). The Committee determined that the base salaries of the named executive officers eligible for compensation adjustments in 2014, other than Mr. Colony, were at or above the 50^{th} percentile of the comparative market data, while the average Target Bonus Percentage of such named executive officers, other than Michael Morhardt, our Chief Sales Officer, was below the 50^{th} percentile. In setting 2014 executive compensation, the Committee increased the target short-term cash incentive of each such officer in order to move his or her Target Bonus Percentage closer to the 50th percentile of the applicable comparative market data. In part because Mr. Morhardt's Target Bonus Percentage, including target sales commissions, exceeded the 50^{th} percentile of the comparative market data in 2013, the Committee did not make any adjustments to his target short-term cash incentive in 2014.

Since Mr. Colony owns such a substantial percentage of our common stock, the Committee generally does not deem the available market data on chief executive officer compensation as comparable and does not place substantial weight on such data when setting his executive compensation. However, based on comparative data suggesting that target short-term cash incentive was frequently 100% of the chief executive officer's base salary, the Committee increased the level of Mr. Colony's Target Bonus Percentage to 100%. In addition, after consultation with Pearl Meyer & Partners, the Committee imposed performance modifiers, discussed below, that result in Mr. Colony's short-term cash incentive being subject to higher threshold performance than other participants in our Executive Cash Incentive Plan.

Elements of Compensation

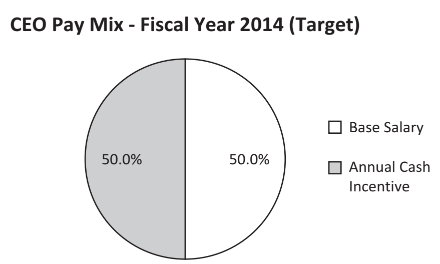
Compensation for our named executive officers consists of the following principal components:

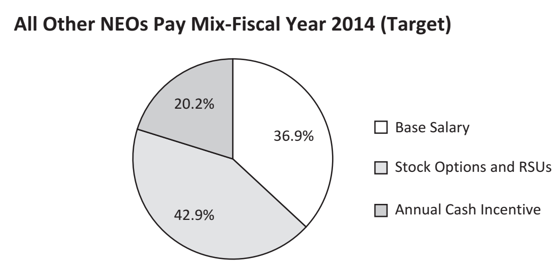
- base salary;
- short-term cash incentive compensation;

- long-term equity incentive compensation, in the form of stock options and RSUs;
- severance and change-of-control benefits; and
- other benefits available generally to all full-time employees.

We do not have an express policy for weighting different elements of compensation or for allocating between long-term and short-term compensation, but we do attempt to maintain compensation packages that will advance our overall compensation objectives. In reviewing and setting the compensation of each executive, we consider the individual's position with the Company and his or her ability to contribute to achievement of strategic and financial objectives.

In 2014, as illustrated below, base salaries for our named executive officers other than Mr. Colony represented an average of approximately 36.9% of total target compensation for these individuals, while the base salary for Mr. Colony represented 50% of his total target compensation. Because of Mr. Colony's significant ownership of our common stock, the Committee generally does not grant stock options or RSUs to him, resulting in a higher ratio of base salary to total target compensation than that of the other named executive officers.





Base Salary. The Committee approves the base salaries of our named executive officers annually by evaluating the responsibilities of their position, the experience and performance of the individual, and as necessary or appropriate, survey and market data. The base salary of a named executive officer is also considered together with the other components of his or her compensation to ensure that both the executive's total cash compensation opportunity (or "on-target earnings") and the allocation between base salary and variable compensation for the executive are in line with our overall compensation philosophy and business strategy. Additionally, the Committee may adjust base salary more frequently than annually to address retention issues or to reflect promotions or other changes in the scope or breadth of an executive's role or responsibilities.

Our goal is to pay base salaries to our named executive officers that are competitive with the base salaries of companies that are similarly situated or with which we compete to attract and retain executives, while taking into account total on-target earnings, and remaining consistent with our overall compensation objectives with respect to variable compensation. In 2014, taking into account the market data discussed above, the Committee decided to leave the base salaries for the named executive officers unchanged from 2013.

Short-Term Cash Incentive Compensation. A significant portion of each of our named executive officers' total annual cash compensation is dependent on our achievement of annual financial objectives set forth under our Executive Cash Incentive Plan. Payouts under the plan are made annually in arrears.

An individual named executive officer's annual bonus payout under the Executive Cash Incentive Plan is based on the following factors, which are discussed in more detail below:

- the named executive officer's target award;
- the Company's financial performance; and
- if applicable, the named executive officer's individual and/or team performance.

Effective January 1, 2014, as part of its executive compensation reviews, the Committee increased the target cash incentive bonus amounts for each of Mr. Colony, Mr. Doyle and Ms. Quinn by an average of approximately 28.3%, taking into account the Company's financial performance in 2013, the market data discussed above, and the respective tenures, experience and performance of our named executive officers. The adjustment for Mr. Colony reflected the increase of his Target Bonus Percentage to 100%, subject to the performance modifiers discussed below. Because Mr. van Lingen received an increase in his compensation as part of his promotion to Chief Product Officer in October 2013, he was not eligible for a compensation adjustment until 2015. After giving effect to these increases, the average annual target cash incentive bonus amount for our named executive officers, other than Mr. Morhardt, was approximately 56% of that person's base salary. Mr. Morhardt's 2014 target cash incentive bonus amount under our Executive Cash Incentive Plan was $100,000, or 33.3% of his base salary, because as Chief Sales Officer, a significant portion of his target cash incentive amount was tied to sales commissions. Mr. Morhardt's 2014 commission-based target cash incentive amount was set at $200,000, or 66.7% of his base salary.

For purposes of the Executive Cash Incentive Plan, the financial performance of our Company for 2014 was measured based on booked sales accounts (referred to as "bookings") and adjusted operating profit goals, the same measures used by the Committee in connection with the Executive Cash Incentive Plan in 2013. The Committee selected bookings as one of the metrics because we believe that bookings provide an important measure of our current business activity and estimated future revenues. The Committee selected adjusted operating profit ("operating profit"), meaning the Company's pro forma operating profit assuming cash incentive compensation payouts under the Executive Cash Incentive Plan and the Forrester Employee Bonus Plan at target levels, as the other key metric because we believe operating profit provides a comprehensive measure of our financial performance that takes into account the importance of both revenue growth and expense management. In addition, by linking payouts under the plan to the Company's profitability, we provide our employees with the opportunity to share in our profits while assuring that payouts are only made if we achieve a satisfactory, pre-approved level of profitability, taking into account the nature of our business, planned investments to support growth of the business, and the economic environment. Our pro forma operating profit excludes amortization of acquisition-related intangible assets, reorganization costs, costs associated with acquisition activities, stock-based compensation and net gains or losses from investments. The Committee may also adjust the operating profit metric, as it deems appropriate, to include or exclude particular non-recurring items to avoid unanticipated results and to promote, and provide appropriate incentives for, actions and decisions that are in the best interests of the Company and its stockholders.

The Executive Cash Incentive Plan was structured as follows in 2014:

- A matrix for 2014 containing bookings on the x axis and operating profit on the y axis was approved by the Committee under the plan based on the Company's 2014 operating plan approved by the Board of Directors. Minimum bookings and operating profit levels were set taking into account the Company's recent levels of bookings and operating profit and planned investments to support growth of the business. Failure of our Company to meet either of these minimum levels would result in each executive officer being ineligible to receive any bonus payout. The minimum, target and maximum levels of bookings and operating profit under the Executive Cash Incentive Plan approved by the Committee were as follows (all dollars in thousands):

	Bookings	Operating Profit
Minimum:	$231,798	$28,749
Target:	$304,998	$32,669
Maximum:	$341,598	$39,203

- If the Company's target bookings and operating profit were both exactly achieved, the Executive Cash Incentive Plan allowed for the payment of 100% of a named executive officer's target award.

- If both bookings and operating profit were above the minimum thresholds but below the target, the bonus payout would be between 10% and 100% of the target award, subject in the case of Mr. Colony to adjustment downward based on individual performance modifiers, as described in more detail below.
- If one or both of the applicable target bookings and operating profit were exceeded, the plan allowed for the payment of up to 180% of a named executive officer's target award, subject in the case of Mr. Colony to adjustment downward based on individual performance modifiers.

In 2014, solely with respect to Mr. Colony, the Committee decided to implement individual performance modifiers that could reduce the 2014 bonus payout of Mr. Colony, as determined under the Executive Cash Incentive Plan based on the Company's performance, to as little as zero. The individual performance modifiers resulted in a higher bookings minimum threshold of $268.4 million for Mr. Colony and required the Company to reach its target bookings amount in order for Mr. Colony to qualify for a 2014 bonus payout equal to or greater than his target award, regardless of how high operating profit was for 2014. The Committee believes that these individual modifiers emphasized growth in bookings, while still maintaining an appropriate level of operating profit.

While the Company's actual bookings for 2014 were $303.2 million, the Company did not achieve the minimum operating profit level specified above, resulting in 0% of each named executive officer's target award being payable. Following its determination that no bonuses could be paid to the named executive officers under the Executive Cash Incentive Plan based on our failure to achieve the minimum operating profit level, the Committee evaluated the named executive officers' performance during the year. Given the overall financial results for the Company in 2014 and the contributions of the named executive officers to implement and support the Company's strategic initiatives, the Committee determined to award each of them a discretionary cash bonus equal to 40% of their target awards under the Executive Cash Incentive Plan. The actual amounts paid are set forth in the Summary Compensation Table under the heading "Bonus." In addition, the total cash incentive plan compensation paid to Mr. Morhardt for 2014 included commissions of $200,364, or 100.2% of his targeted commissions for 2014.

Long-term Equity Incentive Compensation. Our equity awards generally consist of stock options and RSUs granted under our equity incentive plan. All stock-based compensation awards granted to our executive officers are granted by the Committee. We believe that stock-based awards help to motivate and retain executives and also align management's incentives with long-term stock price appreciation. In general, we believe that the combination of RSUs and stock options serves to encourage retention while further aligning the interests of executives and stockholders, as the stock options have value only if our stock price increases from that at grant date, and both the RSUs and stock options have value only if the recipient continues to provide service to the Company through the vesting date. In addition, in structuring the awards, the Committee considered that if and when an RSU award vests, it provides immediate compensatory value to the executive. Neither the Company nor our board of directors, including the Committee, has any plan, program or practice of timing equity incentive awards in coordination with the release or withholding of material non-public information.

In determining the size and nature of stock-based awards for 2014, the Committee considered the aggregate number of stock-based awards outstanding relative to the Company's total shares outstanding, the average aggregate size of stock-based awards made to executive officers of companies that are similarly situated or with which we compete to attract and retain executives, and the individuals that they believed were most likely to contribute to or influence a return to the Company's historical growth levels and continued improvement in the Company's operating margin. On June 26, 2014, the Committee reviewed and approved the grant of time-based RSUs and stock options to each of Ms. Quinn and Messrs. Doyle, Morhardt and van Lingen, effective August 1, 2014, as part of a grant of equity-based compensation to key employees across the Company. With respect to both the stock options and the RSUs, the Committee determined that the awards would vest 25% annually over four years. The stock options were granted at an exercise price of $38.43, which was equal to the closing market price of our common stock on the grant date of August 1, 2014.

Given Mr. Colony's significant ownership of our common stock, the Committee did not grant stock options or RSUs to Mr. Colony in 2014.

Severance and Change in Control Agreements. Effective May 15, 2014, we adopted the Forrester Research, Inc. Executive Severance Plan (the "Severance Plan"), applicable to all of our executive officers, including the named executive officers. Similar to plans maintained by many other companies, our Severance Plan provides for payments and benefits to our executive officers upon a qualifying termination of employment, including in connection with a change in control. Further detail on the Severance Plan is contained below under the heading "Severance and Change-of-Control Benefits." We believe that the Severance Plan functions as a retention tool for our executive officers to remain with the Company and enable the executive officers to focus on the continuing business operations and, as applicable, the success of a potential business combination that the Board of Directors has determined to be in the best interests of the shareholders. We believe this results in stability and continuity of operations.

Other Benefits

As employees of our Company, our executive officers are eligible to participate in all Company-sponsored benefit programs on the same basis as other full-time employees, including health and dental insurance and life and disability insurance. In addition, our executive officers are eligible to receive the same employer match under our 401(k) plan (or applicable foreign plan) as is applicable for all participating employees and to participate in our employee stock purchase plan, pursuant to which participants may elect to purchase shares of our stock on a semi-annual basis at a 15% discount based on the lower of the price of our stock at the beginning and end of each period. We do not offer any supplemental executive health and welfare or retirement programs, or provide any other supplemental benefits or perquisites, to our executives.

We have a cash bonus plan adopted in 2000 to pay bonuses measured by a portion of the share of our net profits from two technology-related private equity investment funds. Certain of our key employees, including certain of our executive officers who were employees of the Company at the time of the adoption of this plan, participate in this plan. The principal purpose of this cash bonus plan was to retain key employees by allowing them to participate in a portion of the potential return from our technology-related investments if they remained employed by the Company. The plan was established at a time when technology and internet companies were growing significantly, and providing incentives to retain key employees during that time was important. To date, although we have invested $19.6 million of a $20.0 million commitment in these funds, we have not paid any bonuses under this plan. In May 2013, our Board of Directors approved an extension of this cash bonus plan until June 30, 2015.

Stock Retention Guidelines

In April 2010, we introduced stock retention guidelines as part of our Corporate Governance Guidelines to further align the interests of our directors and executive officers with those of our stockholders. Members of our executive team and Board of Directors are subject to these stock retention guidelines for so long as they remain an executive officer, or serve as a director, of the Company. The guidelines require executive officers and directors of the Company to retain at least 50% of the net shares of Forrester common stock delivered to them upon the exercise or vesting of stock awards granted on and after January 1, 2010. Net shares are the number of shares remaining after shares are sold or netted to pay the exercise price of equity awards and applicable withholding taxes. For directors, the applicable withholding tax is presumed to be the minimum withholding tax applicable to an employee. These guidelines may be waived, at the discretion of the Committee, if compliance with the guidelines would create severe hardship or prevent an executive officer or director from complying with a court order. Our directors and executive officers have complied in full with these guidelines since their initial adoption.

Impact of Tax and Accounting on Compensation Decisions

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation paid to certain executive officers in excess of $1 million per year unless the compensation is performance-based. Because the compensation amounts paid to our executive officers are below this threshold, to date we have not needed to structure compensation arrangements with our executive officers to preserve the deductibility of that compensation in light of Section 162(m).

When determining amounts of equity awards to executives and employees under our equity incentive program, the Committee considers the compensation charges associated with the awards. We recognize compensation expense for stock-based awards based upon the fair value of the award. Grants of stock options result in compensation expense equal to the fair value of the options, which is calculated using a Black-Scholes option pricing model. Restricted stock unit awards result in compensation expense equal to the fair value of the award on the award date, which is calculated using the closing stock price of the underlying shares on the date of the award, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. Stock-based compensation is recognized as an expense over the vesting period of the award.

Compensation Committee Report

The Compensation and Nominating Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management and, based on this review and discussion, recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation and Nominating Committee

Robert M. Galford, Chair
Michael H. Welles
Gretchen G. Teichgraeber

The information contained in the report above shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in any such filing.

SUMMARY COMPENSATION TABLE

The following table shows the compensation earned by our Chief Executive Officer, our Chief Financial Officer, and each of our three other most highly compensated executive officers as of December 31, 2014. We refer to these officers as the "named executive officers."

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(3)	Total ($)
George F. Colony	2014	367,500	147,000	—	—	—	12,552	527,052
Chairman of the Board and	2013	367,500	—	—	—	238,140	12,402	618,042
Chief Executive Officer	2012	367,500	—	—	—	—	10,596	378,096
Michael A. Doyle	2014	361,125	75,970	276,300	172,623	—	10,896	896,914
Chief Financial Officer and	2013	361,125	—	203,257	162,455	173,875	10,875	911,587
Treasurer	2012	330,750	80,500	169,050	147,232	—	10,596	738,128
Michael Morhardt	2014	300,000	40,000	245,612	153,443	200,364	9,318	948,737
Chief Sales Officer	2013	300,000	—	185,604	—	245,599	9,168	740,371
Lucia Luce Quinn	2014	325,000	36,400	214,888	134,263	—	12,552	723,103
Chief People Officer								
Dennis van Lingen(4)	2014	348,928	59,816	214,888	134,263	—	27,723	785,618
Chief Product Officer; Chief	2013	314,952	—	116,157	190,922	134,979	26,105	783,115
Europe, Middle East, & Africa Officer	2012	256,184	—	88,339	101,430	—	21,917	467,870

(1) Amounts for 2014 represent a discretionary bonus approved by the Committee for each of the named executive officers. Amount for 2012 represents a discretionary bonus approved by the Committee for Mr. Doyle.

(2) These amounts represent the aggregate grant date fair value of restricted stock unit and option awards. Assumptions used in the calculation of grant date fair value of stock options are included in footnote 1 to the Company's consolidated financial statements included in our 2014 Annual Report on Form 10-K. The grant date fair value of restricted stock units is based upon the closing price of the Company's common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. The amounts set forth may be more or less than the value ultimately realized by the named executive officer based upon, among other things, the value of the Company's common stock at the time of exercise of the options or vesting of the restricted stock units and whether such options or restricted stock units actually vest.

(3) 2014 amounts include the following amounts of Company matching contributions under our 401(k) plan or, for Mr. van Lingen, our Netherlands-based defined contribution pension plan: Mr. Colony, $7,800; Mr. Doyle, $7,800; Mr. Morhardt, $7,800; Ms. Quinn, $7,800; and Mr. van Lingen, $18,659. Other amounts consist of group term life insurance premiums and miscellaneous other items.

(4) All elements of Mr. van Lingen's 2014 compensation, other than stock compensation-related expenses, reflect a translation from euros into U.S. dollars based on an exchange rate of 0.7537 euros per dollar, which was the average exchange rate during 2014. Mr. van Lingen's compensation for 2013 and 2012 similarly reflect the average exchange rates for each of those years.

GRANTS OF PLAN-BASED AWARDS FOR 2014

The following table sets forth information with respect to plan-based awards granted to named executive officers in 2014.

Name	Grant Date	Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	All other stock awards: Number of shares of stock (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(2)
George F. Colony	—	—	147,000	367,500	661,500	—	—	—	—
Michael A. Doyle	—	—	18,993	189,925	341,865	—	—	—	—
	08/01/14	06/26/14	—	—	—	—	22,500	38.43	172,623
	08/01/14	06/26/14	—	—	—	7,500	—	—	276,300
Michael Morhardt	—	—	10,000	300,000	N/A	—	—	—	—
	08/01/14	06/26/14	—	—	—	—	20,000	38.43	153,443
	08/01/14	06/26/14	—	—	—	6,667	—	—	245,612
Lucia Luce Quinn	—	—	9,100	91,000	163,800	—	—	—	—
	08/01/14	06/26/14	—	—	—	—	17,500	38.43	134,263
	08/01/14	06/26/14	—	—	—	5,833	—	—	214,888
Dennis van Lingen(3)	—	—	14,697	146,971	264,548	—	—	—	—
	08/01/14	06/26/14	—	—	—	—	17,500	38.43	134,263
	08/01/14	06/26/14	—	—	—	5,833	—	—	214,888

(1) Except with respect to Mr. Morhardt, consists of awards under our Executive Cash Incentive Plan, a non-equity incentive plan, with payouts thereunder made annually in arrears. Our Executive Cash Incentive Plan is described in detail, including calculation of threshold, target and maximum awards under the plan, in the Compensation Discussion and Analysis above. No award was made to our named executive officers under our Executive Cash Incentive Plan based on 2014 performance; instead a discretionary bonus based on 2014 performance was paid, as reflected in the "Bonus" column of the above Summary Compensation Table. Mr. Morhardt's "Target" amount includes the target amount he was eligible to receive under our Executive Cash Incentive Plan of $100,000 and target sales commissions of $200,000. There is no cap on Mr. Morhardt's "Maximum" amount because there is no cap on possible commission payments.

(2) Assumptions used in the calculation of option awards are included in footnote 1 to the Company's consolidated financial statements included in our 2014 Annual Report on Form 10-K. The grant date fair value of restricted stock units is based upon the closing price of the Company's common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units.

(3) Threshold, target and maximum awards under our Executive Cash Incentive Plan for Mr. van Lingen reflect a translation from euros into U.S. dollars based on an exchange rate of 0.76687 euros per dollar, which was the exchange rate that the Company used for all financial planning purposes for 2014. The applicable amounts expressed in euros would be: threshold, €11,271; target, €112,708; and maximum, €202,874. Applying the average exchange rate during 2014 of 0.7537 euros per dollar, which was used to calculate the actual amounts paid in the Summary Compensation Table, the same amounts expressed in U.S. dollars would be: threshold, $14,954, target, $149,540; and maximum, $269,171.

OUTSTANDING EQUITY AWARDS AT 2014 FISCAL YEAR-END

The following table sets forth information for the named executive officers regarding outstanding option awards and stock awards held as of December 31, 2014.

	Option Awards				Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)**
George F. Colony	—	—	—	—	—	—
Michael A. Doyle	—	—	—	—	2,500(2)	98,400
	—	—	—	—	4,375(3)	172,200
	—	—	—	—	7,500(4)	295,200
	30,000	—	25.20	09/30/2017	—	—
	10,000	—	25.25	06/30/2019	—	—
	14,000	—	29.86	03/31/2020	—	—
	10,500	3,500(5)	33.03	06/30/2021	—	—
	7,500	7,500(6)	33.81	05/13/2022	—	—
	4,375	13,125(7)	36.18	06/02/2023	—	—
	—	22,500(8)	38.43	07/31/2024	—	—
Michael Morhardt	—	—	—	—	6,667(4)	262,413
	20,000	20,000(9)	27.89	12/02/2022	—	—
	—	20,000(10)	38.43	07/31/2024	—	—
Lucia Luce Quinn	—	—	—	—	5,833(4)	229,587
	7,500	22,500(11)	37.41	06/30/2023	—	—
	—	17,500(12)	38.43	07/31/2024	—	—
Dennis van Lingen	—	—	—	—	1,500(2)	59,040
	—	—	—	—	2,500(3)	98,400
	—	—	—	—	5,833(4)	229,587
	12,500	—	27.11	03/31/2018	—	—
	10,000	—	29.86	03/31/2020	—	—
	7,125	2,375(5)	33.03	06/30/2021	—	—
	4,500	4,500(13)	33.81	05/13/2022	—	—
	2,500	7,500(14)	36.18	06/02/2023	—	—
	2,500	7,500(15)	36.84	09/30/2023	—	—
	—	17,500(12)	38.43	07/31/2024	—	—

(1) The market value was calculated based on $39.36, the closing price per share of our common stock on December 31, 2014.

(2) Consists of time-based restricted stock units that vest as to 50% of the shares subject to the award on each of May 14, 2015 and May 14, 2016.

(3) Consists of time-based restricted stock units that vest as to one third of the shares subject to the award on each of June 3, 2015, June 3, 2016 and June 3, 2017.

(4) Consists of time-based restricted stock units that vest as to 25% of the shares subject to the award on each of August 1, 2015, August 1, 2016, August 1, 2017 and August 1, 2018.

(5) Stock options become exercisable on April 1, 2015.

(6) Stock options become exercisable as to 3,750 shares on May 14, 2015 and 3,750 shares on May 14, 2016.

(7) Stock options become exercisable as to 4,375 shares on June 3, 2015, 4,375 shares on June 3, 2016 and 4,375 shares on June 3, 2017.

(8) Stock options become exercisable as to 5,625 shares on August 1, 2015, 5,625 shares on August 1, 2016, 5,625 shares on August 1, 2017 and 5,625 shares on August 1, 2018.

(9) Stock options become exercisable as to 10,000 shares on December 3, 2015 and 10,000 shares on December 3, 2016.

(10) Stock options become exercisable as to 5,000 shares on August 1, 2015, 5,000 shares on August 1, 2016, 5,000 shares on August 1, 2017 and 5,000 shares on August 1, 2018.

(11) Stock options become exercisable as to 7,500 shares on July 1, 2015, 7,500 shares on July 1, 2016 and 7,500 shares on July 1, 2017.

(12) Stock options become exercisable as to 4,375 shares on August 1, 2015, 4,375 shares on August 1, 2016, 4,375 shares on August 1, 2017 and 4,375 shares on August 1, 2018.

(13) Stock options become exercisable as 2,250 shares on May 14, 2015 and 2,250 shares on May 14, 2016.

(14) Stock options become exercisable as to 2,500 shares on June 3, 2015, 2,500 shares on June 3, 2016 and 2,500 shares on June 3, 2017.

(15) Stock options become exercisable as to 2,500 shares on October 1, 2015, 2,500 shares on October 1, 2016 and 2,500 shares on October 1, 2017.

OPTION EXERCISES AND STOCK VESTED TABLE FOR 2014

The following table sets forth information for the named executive officers regarding the value realized during 2014 by such executives pursuant to option exercises and the vesting of RSUs.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of shares acquired on vesting (#)**	**Value realized on vesting ($)**
George F. Colony	—	—	—	—
Michael A. Doyle	12,500	171,088	2,709	98,655
Michael Morhardt	—	—	—	—
Lucia Luce Quinn	—	—	—	—
Dennis van Lingen	20,000	280,400	1,584	57,694

Pension Benefits

We have no defined benefit pension plans or long-term incentive plans applicable to the named executive officers.

Nonqualified Deferred Compensation

We have no nonqualified defined contribution or deferred compensation plans.

Severance and Change-of-Control Benefits

Effective May 15, 2014, our Board of Directors adopted and approved the Forrester Research, Inc. Executive Severance Plan (the “Severance Plan”), which is applicable to all of the Company’s executive officers, including the named executive officers. The Severance Plan provides for the payment of severance and other benefits to each executive officer in the event of a termination of employment with the Company without cause and also, in the case of a change in control, by an executive officer for good reason, each as defined in the Severance Plan (each, a “Qualifying Termination”). In the event of a Qualifying Termination and subject to the executive's execution of a general release of claims against the Company, in addition to any accrued obligations such as unpaid base salary, vacation and earned bonuses, the Severance Plan provides for the following severance payments and benefits:

- In the event of a Qualifying Termination other than following a change in control:
  - continued payment of the executive officer's base salary in installments for one year, and in the case of Mr. Colony (or any successor CEO), for 18 months, after the Qualifying Termination;
  - payment in a lump sum of an amount equal to the lesser of the executive officer's (x) annual target bonus and, if applicable, sales commissions, as in effect on the date of the Qualifying Termination, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the executive officer under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination (or for such shorter period that the executive officer was employed by the Company); and in the case of the chief executive officer, payment in a lump sum of an amount equal to one and one-half times the lesser of the chief executive officer's (x) annual target bonus and, if applicable, sales commissions, as in effect on the date of the Qualifying Termination, or (y) the average of the actual bonus and, if applicable, sales commissions earned by the chief executive officer under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination;
  - payment in cash during the 12-month period following a Qualifying Termination for executive officers other than the chief executive officer, and during the 18-month period following a Qualifying Termination for the chief executive officer, of an amount equal to the Company's portion of the cost for medical and dental coverage under applicable Company plans; and
  - 6 months of outplacement assistance, subject to extension for an additional 6 months upon request of the executive officer and at the discretion of the Company.
- In the event of a Qualifying Termination during the 18-month period following a change in control (as defined in the Severance Plan):
  - payment in a lump sum of the executive officer's annual base salary, and in the case of the chief executive officer, two times annual base salary;
  - payment in a lump sum of an amount equal to the excess, if any, of (x) the executive officer's annual target bonus amount and/or annual target sales commission amount pro-rated as of the Qualifying Termination, over (y) the amount paid or payable for the actual bonus and/or sales commissions earned through the Qualifying Termination;
  - payment of the higher of the executive officer's (x) target annual incentive opportunity, including target bonus opportunity and, if applicable, target sales commissions, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the executive under the applicable plans for the two fiscal years preceding the year of the Qualifying Termination (or such shorter period that the executive officer was employed by the Company); and in the case of the chief executive officer, the higher of two times his or her (x) target annual incentive opportunity, including target bonus opportunity and, if applicable, target sales commissions, or (y) the average of the actual bonus and, if applicable, sales commissions, earned by the chief executive officer under applicable plans for the two fiscal years preceding the year of the Qualifying Termination;
  - payment in cash in a lump sum of an amount equal to 12 months for executive officers other than the chief executive officer, and 24 months for the chief executive officer, of the Company's portion of the cost for medical and dental coverage under applicable Company plans;
  - 12 months of outplacement assistance; and
  - without limiting an executive officer's rights under any equity plans or agreements, accelerated vesting of, or cancellation and payment of merger consideration for (net of exercise price, if any), all unvested equity and equity-based awards, with performance-based awards, if any, vesting at target level of performance.

The Severance Plan shall also reimburse each executive officer whose termination of employment results from a change of control all reasonable legal fees and expenses incurred to obtain or enforce rights or benefits under the Severance Plan if the executive officer prevails in substantial part on the material issues of the proceeding.

The Severance Plan does not provide for a gross-up payment to any of the executive officers to offset any excise taxes that may be imposed on excess parachute payments under Section 4999 (“Excise Tax”) of the Internal Revenue Code of 1986, as amended. Instead, the Severance Plan provides that in the event that the severance payments and benefits described above, and any other parachute payments, would, if paid, be subject to the Excise Tax, then the severance payments and benefits under the Severance Plan will be reduced to the extent necessary so that no portion of the payments or benefits under the Severance Plan are subject to the Excise Tax, provided that there shall be no such reduction if the net amount of the payments received by the executive officer after giving effect to all applicable taxes is greater than the net amount of the payments received by the executive officer after giving effect to the reduction.

We entered into an employment offer letter on July 24, 2007 with Mr. Doyle that provides for severance benefits following a termination of his employment by the Company without Cause (as defined in the offer letter). In the event of such a termination, we must continue to pay Mr. Doyle his base salary for the 6 months following his termination, subject to his signing a separation agreement in a form acceptable to us that includes a general release of all claims. On October 5, 2012 we entered into an employment offer letter with Mr. Morhardt that provides for severance benefits following a termination of his employment by the Company without Cause (as defined in the offer letter). In the event of such a termination, we must continue to pay Mr. Morhardt his base salary for the 6 months following his termination, subject to his signing a separation agreement in a form acceptable to us that includes a general release of all claims. On December 3, 2013, in connection with his promotion to Chief Product Officer, we entered into an employment agreement with Mr. van Lingen that provides for severance benefits following a termination of his employment by the Company other than for gross misconduct or gross negligence. In the event of such a termination, we must pay Mr. van Lingen an amount equal to the greater of any severance due under applicable Dutch law or the cash severance payable under any then-applicable executive severance plan, subject to his signing a separation agreement in a form acceptable to us that includes a general release of all claims. The Severance Plan provides that there will no duplication of benefits between the Severance Plan and any of Mr. Doyle’s or Mr. Morhardt’s employment offer letters or Mr. van Lingen’s employment agreement. We have not entered into agreements providing for severance benefits with any of the other named executive officers. Each of our named executive officers other than Mr. Colony has entered into stock option and restricted stock unit grant agreements that provide for full acceleration of vesting upon a change of control of the Company, unless there is an assumption, substitution or cash-out of such options or restricted stock units in connection with the change of control.

The following table provides the details of payments that would have been paid to, or value that would have been received by, the named executive officers in connection with either a change of control, a termination of employment without cause or for good reason in connection with a change of control, or a termination of employment without cause in the absence of a change of control, in each case effective as of December 31, 2014.

	Event (1)	Salary Continuation ($)	Annual Incentive Compensation ($)	Payment in Lieu of Medical and Dental ($)	Outplacement Assistance ($)(2)	Value of Accelerated Unvested Equity ($)(3)	Total ($)
George F. Colony	Change in Control	—	—	—	—	—	—
	Termination Upon Change in Control	735,000	1,102,500	33,230	20,000	—	1,890,730
	Not for Cause Termination	551,250	178,605	24,923	10,000	—	764,778
Michael A. Doyle	Change in Control	—	—	—	—	692,243	692,243
	Termination Upon Change in Control	361,125	379,850	10,284	20,000	692,243	1,463,502
	Not for Cause Termination	361,125	86,938	10,284	10,000	—	468,347
Michael Morhardt	Change in Control	—	—	—	—	510,413	510,413
	Termination Upon Change in Control	300,000	399,636	16,615	20,000	510,413	1,246,664
	Not for Cause Termination	300,000	143,567	16,615	10,000	—	470,182
Lucia Luce Quinn	Change in Control	—	—	—	—	289,737	289,737
	Termination Upon Change in Control	325,000	182,000	10,284	20,000	289,737	827,021
	Not for Cause Termination	325,000	41,250	10,284	10,000	—	386,534
Dennis van Lingen(4)	Change in Control	—	—	—	—	486,061	486,061
	Termination Upon Change in Control	348,928	299,080	—	20,000	486,061	1,154,069
	Not for Cause Termination	348,928	67,455	—	10,000	—	426,383

(1) None of the named executive officers has an agreement to receive any salary continuation, variable cash compensation, benefits continuation, acceleration of equity or gross-up in the event such named executive officer dies, becomes disabled, voluntarily terminates his or her employment with Forrester without "Good Reason" or if that named executive officer is terminated by Forrester for cause.

(2) Estimated cost of 12 months of outplacement service in the event of a change in control and 6 months of outplacement service in the event of termination without a change in control.

(3) Calculated using $39.36, the closing price per share of our common stock on December 31, 2014. In the case of unvested options, calculated using the difference between $39.36 and the exercise price of the applicable option, multiplied by the number of unvested shares. In the case of unvested restricted stock units (RSUs), calculated using $39.36 multiplied by the number of shares underlying such unvested RSU.

(4) Severance amounts for Mr. van Lingen reflect a translation from euros to U.S. dollars based on an exchange rate of 0.7537 euros per dollar, which was the average exchange rate during 2014. Actual amounts payable for severance or in lieu of medical and dental may be higher if so provided by applicable Dutch law.

Director Compensation

DIRECTOR COMPENSATION TABLE FOR 2014

The following table shows the compensation that we paid during the year ended December 31, 2014 to each of our directors, other than Mr. Colony, who was not paid additional compensation for his service as a director and whose compensation is reflected in "Executive Compensation" above.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)(3)	Total ($)
Henk W. Broeders	25,000	116,099	141,099
Robert M. Galford	30,000	116,099	146,099
George R. Hornig	30,000	116,099	146,099
Gretchen G. Teichgraeber	25,000	116,099	141,099
Michael H. Welles	30,000	116,099	146,099

(1) The amounts in this column reflect the aggregate grant date fair value of restricted stock unit awards for 2014. The grant date fair value of restricted stock units is based upon the closing price of the Company's common stock on the date of grant, as adjusted to reflect the absence of dividend credits prior to vesting of the restricted stock units. The amounts set forth may be more or less than the value ultimately realized by the named director based upon, among other things, the value of the Company's Common Stock at the time of vesting of the restricted stock units and whether such restricted stock units actually vest.

(2) On May 13, 2014, each of the directors, other than Mr. Colony, received 3,374 restricted stock units.

(3) At December 31, 2014, the non-employee directors held options to purchase, and restricted stock units for, the number of shares listed next to their names below:

Director	Number of Shares: Options	Number of Shares: RSUs
Henk W. Broeders	74,000	7,794
Robert M. Galford	39,625	7,794
George R. Hornig	24,000	7,794
Gretchen G. Teichgraeber	49,000	7,794
Michael H. Welles	61,500	7,794

Our non-employee directors receive an annual retainer of $20,000 and members of each Board committee receive an additional annual retainer of $5,000 for each committee on which they serve, with the Chairman of each committee receiving an additional $5,000 per year. Each of these annual fees is payable quarterly in arrears. Members of our Board of Directors are reimbursed for their expenses incurred in connection with attending any meeting.

The Compensation and Nominating Committee of the Board of Directors has the authority under the Forrester Research, Inc. Amended and Restated 2006 Equity Incentive Plan ("Equity Incentive Plan") to grant stock options and RSUs to non-employee directors in such amounts and on such terms as it shall determine at the time of grant. After our 2014 annual meeting, our five non-employee directors at that time each received 3,374 restricted stock units, which equals the number of whole shares calculated by dividing $125,000 by $37.04, the closing price of the Company's common stock on the date of award. These RSUs vest in four equal annual installments. RSUs granted under the Equity Incentive Plan become vested in full upon a change of control of the Company, unless there is an assumption, substitution or cash-out of such RSUs in connection with the change of control.

Options granted to our non-employee directors prior to our 2006 annual meeting were made pursuant to our Amended and Restated 1996 Stock Option Plan for Non-Employee Directors, and options granted to our non-employee directors prior to our 2012 annual meeting but after our 2006 annual meeting were made pursuant to our 2006 Stock Option Plan for Directors, as amended. Options granted under the 2006 Stock Option Plan for Directors become vested in full upon a change of control of the Company, unless there is an assumption, substitution or cash-out of such options in connection with the change of control.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors has appointed an Audit Committee composed of three non-employee directors: Messrs. Hornig (Chairman), Broeders, and Welles. Each of the members of the Audit Committee is "independent" as defined under the NASDAQ Stock Market listing standards. The Board has determined that Mr. Hornig is an "audit committee financial expert" under applicable rules of the Securities and Exchange Commission, and the members of the Audit Committee satisfy the NASDAQ financial literacy standards.

The Audit Committee is responsible for providing independent oversight of Forrester's accounting functions and internal controls. The Audit Committee oversees Forrester's financial reporting process on behalf of the Board of Directors, reviews financial disclosures, and meets privately, outside of the presence of management, with Forrester's internal auditor and with representatives of the independent registered public accounting firm. The Audit Committee also selects and appoints the independent registered public accounting firm, reviews the performance of the independent registered public accounting firm, and reviews the independent registered public accounting firm's fees. The Audit Committee operates under a written charter adopted by the Board of Directors.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed Forrester's audited financial statements for the fiscal year ended December 31, 2014 with Forrester's management and with PricewaterhouseCoopers LLP, Forrester's independent registered public accounting firm. The Audit Committee also discussed with PricewaterhouseCoopers LLP the matters required by Statement on Auditing Standards No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (PCAOB). This included a discussion of the independent registered public accounting firm's judgments as to the quality, not just the acceptability, of Forrester's accounting principles, and such other matters as are required under the standards of the PCAOB. The Audit Committee also received the written disclosures and letter from PricewaterhouseCoopers LLP required by applicable requirements of the PCAOB regarding the independent registered accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee discussed the independence of PricewaterhouseCoopers LLP with that firm.

Based on the Audit Committee's review and discussions noted above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

George R. Hornig, Chairman
Henk W. Broeders
Michael H. Welles

The information contained in the report above shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in any such filing.

OTHER INFORMATION

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended requires our officers and directors, and persons who own more than 10% of our common stock to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission ("SEC"). Officers, directors and greater than 10% beneficial stockholders are required by SEC regulation to furnish to us copies of all Forms 3, 4 and 5 they file. Based solely on our review of copies of such forms which we received, we believe that all of our officers, directors, and greater than 10% beneficial owners complied on a timely basis with all filing requirements with respect to transactions during 2014. On February 12, 2015, Wellington Management Group LLP filed an amendment to its previously filed Schedule 13G disclosing that, effective January 1, 2015, it had changed its name from Wellington Management Company, LLP to Wellington Management Group LLP and that its beneficial ownership as of December 31, 2014 had changed from its beneficial ownership as of December 31, 2013, though remained in excess of 10%. Wellington Management Group LLP has not made any filing on Form 4 with respect to this change in beneficial ownership.

Certain Relationships and Related Transactions

Registration Rights and Non-Competition Agreement. At the time of our initial public offering, we entered into a registration rights and non-competition agreement with Mr. Colony which provides that if Mr. Colony's employment with us is terminated he will not compete with us for the one year period after the date of such termination. The agreement also provides that in the event we propose to file a registration statement under the Securities Act of 1933, as amended, with respect to an offering by us for our own account or the account of another person, or both, Mr. Colony shall be entitled to include shares held by him in such a registration, subject to the right of the managing underwriter of any such offering to exclude some or all of such shares from such registration if and to the extent the inclusion of the shares would adversely affect the marketing of the shares to be sold by us. The agreement also provides that Mr. Colony may require us to register shares under the Securities Act with a fair market value of at least $5 million, except that we are not required to effect such registration more than twice or at certain times described in the agreement. The agreement also provides that we will pay all expenses incurred in connection with such registration.

Related Person Transactions

Pursuant to its amended and restated charter, our Audit Committee has responsibility for the review and approval of all transactions between the Company and any related parties or affiliates of the Company, its officers, and directors.

Related persons can include any of our directors or executive officers, certain of our stockholders, and any of their immediate family members. In evaluating related person transactions, the committee members apply the same standards they apply to their general responsibilities as members of a committee of the board of directors and as individual directors. The committee will approve a related person transaction when, in its good faith judgment, the transaction is in the best interest of the Company. To identify related person transactions, each year we require our directors and officers to complete a questionnaire identifying any transactions with the Company in which the officer or director or their family members have an interest. In addition, our Code of Business Conduct and Ethics includes our expectation that all directors, officers and employees who may have a potential or apparent conflict of interest will notify our legal department.

PROPOSAL TWO:

RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

PricewaterhouseCoopers LLP audited our financial statements for the fiscal year ended December 31, 2014. Our Audit Committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015. Although stockholder approval of the selection of PricewaterhouseCoopers LLP is not required by law, our Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this selection.

If stockholders do not approve this proposal at the 2015 annual meeting, our Audit Committee will reconsider its selection of PricewaterhouseCoopers LLP. If stockholders do ratify this appointment, the Audit Committee, which has direct authority to engage our independent registered public accounting firm, may appoint a different independent registered public accounting firm at any time during the year if it determines that the change would be in the best interests of Forrester and our stockholders.

The Audit Committee has approved all services provided to Forrester by PricewaterhouseCoopers LLP during 2014. Representatives of PricewaterhouseCoopers LLP are expected to be present at the 2015 annual meeting. They will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from stockholders.

Independent Auditors' Fees and Other Matters

The following table presents the aggregate fees billed or expected to be billed by PricewaterhouseCoopers LLP ("PwC") and its affiliates for fiscal 2014 and fiscal 2013.

	Fiscal 2014	Fiscal 2013
Audit Fees(1)	$1,154,719	$1,280.531
Audit-Related Fees(2)	$ —	$ —
Tax Fees(3)	$ 117,696	$ 163,691
All Other Fees(4)	$ 1,800	$ 1,800
Total Fees	$1,274,215	$1,446,022

(1) Audit fees are fees related to professional services rendered by PwC and its affiliates in connection with the audit of our financial statements and our internal controls over financial reporting, the reviews of our interim financial statements included in each of our quarterly reports on Form 10-Q, international statutory audits, and review of other SEC filings.

(2) Audit-related fees are for assurance and related services by PwC and its affiliates that are reasonably related to the performance of the audit or review of our financial statements.

(3) Tax fees are fees billed for professional services related to tax compliance and tax consulting services.

(4) All other fees include licenses to web-based accounting and finance reference materials.

Audit Committee's Pre-Approval Policy and Procedures

The Audit Committee approves the engagement of our independent registered public accounting firm to render any audit or non-audit services. At a regularly scheduled Audit Committee meeting, management or a representative of the Company's independent registered public accounting firm summarizes the services to be provided by the firm and the fees that will be charged for the services. Thereafter, if new services or dollar amounts in excess of those pre-approved at the meeting are proposed, they are either presented for pre-approval at the next meeting of the Audit Committee or approved by the Chairman of the Audit Committee pursuant to delegated authority. At subsequent meetings, the Audit Committee is provided a listing of any newly pre-approved services since the last meeting, and an updated projection for the current year of the estimated annual fees to be paid to the firm for all pre-approved audit and permissible non-audit services.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015.

PROPOSAL THREE:

NON-BINDING VOTE ON EXECUTIVE COMPENSATION

We have implemented an executive compensation program that rewards performance. Our executive compensation program is designed to attract, retain and motivate the key individuals who are most capable of contributing to the success of our Company and building long-term value for our stockholders. The elements of our executives' total compensation are base salary, cash incentive awards, equity incentive awards, severance and change of control benefits, and other employee benefits. We have designed a compensation program that makes a substantial portion of executive pay variable, subject to increase when performance targets are exceeded, and subject to reduction when performance targets are not achieved.

We believe our executive compensation program strikes the appropriate balance between utilizing responsible, measured pay practices and providing incentives to our executives to create value for our stockholders. We believe this is evidenced by the following:

- The mix of compensation among base salary and cash incentives.
- Generally our compensation policies and practices are uniform across each of our business units and geographic regions.
- Our bonus plan for executive officers provides for multiple payout levels based on targets established and approved by our Compensation and Nominating Committee during the first quarter of the applicable plan year.
- We require that minimum threshold performance targets be achieved before any bonuses under our executive cash incentive plan are paid, and bonus payouts under our executive cash incentive plan are capped.
- We use multiple performance measures under our executive cash incentive plan, including bookings and operating profit.
- We currently grant equity-based awards to executives under our equity incentive plan subject to multi-year vesting criteria, and require that the executive remain employed through the vesting date to realize the value of these awards.

The Board endorses the Company's executive compensation program and recommends that stockholders vote in favor of the following resolution:

RESOLVED, that the stockholders approve the compensation of the Company's named executive officers as described in this proxy statement under "Executive Compensation", including the Compensation Discussion and Analysis and the tabular and narrative disclosure contained in this proxy statement.

Because the vote is non-binding, neither the Board of Directors nor the Compensation and Nominating Committee of the Board will be required to take any action as a result of the outcome of the vote on this proposal. The Compensation and Nominating Committee will carefully consider the outcome of the vote when evaluating future executive compensation arrangements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION.

STOCKHOLDER PROPOSALS

Stockholder proposals to be considered at the Annual Meeting of Stockholders in 2016 must be received by December 1, 2015 to be considered for inclusion in our proxy materials for that meeting.

Stockholders who wish to make a proposal at the 2016 annual meeting, other than proposals included in our proxy materials, or who wish to nominate individuals for election as directors, must notify us between January 12, 2016 and February 11, 2016. If the stockholder does not notify us by February 11, 2016, the proxies will have discretionary authority to vote on a stockholder's proposal brought before the meeting.

OTHER BUSINESS

The Board of Directors has no knowledge of any other matter that may come before the annual meeting and does not, itself, currently intend to present any other such matter.

FORM 10-K

A copy of our annual report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission will be sent to stockholders without charge by writing to Forrester Research, Inc., Investor Relations, 60 Acorn Park Drive, Cambridge, Massachusetts 02140.

COMPANY INFORMATION

Board Of Directors

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

Henk W. Broeders
Chief Executive Officer, Jaarbeurs; former
member of the Executive Committee,
Cap Gemini S.A.

Robert M. Galford
Managing Partner, Center for
Leading Organizations

George R. Hornig
Senior Managing Director & Chief
Operating Officer, Pinebridge Investments

Gretchen G. Teichgraeber
Chief Executive Officer,
Leadership Directories, Inc.

Michael H. Welles
Chief Operating Officer and Director,
S2 Security Corporation

Executive Officers

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

Cliff Condon
Chief Research Officer

Michael A. Doyle
Chief Financial Officer and Treasurer

Gail S. Mann
Chief Legal Officer and Secretary

Victor Milligan
Chief Marketing Officer

Michael Morhardt
Chief Sales Officer

Steven Peltzman
Chief Business Technology Officer

Lucia Luce Quinn
Chief People Officer

Dennis van Lingen
Chief Product Officer;
Chief Europe, Middle East,
& Africa Officer

Annual Meeting
Forrester's annual meeting of stockholders will be held at 10 a.m. local time on May 12, 2015, at the offices of the Company, 60 Acorn Park Drive, Cambridge, MA 02140.

Investor Relations
Requests for financial information should be sent to:
Investor Relations
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Tel: +1 617.613.6000
Fax: +1 617.613.5000
Email: investor@forrester.com

Transfer Agent
Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
www.computershare.com/investor

Independent Registered Public Accounting Firm
PricewaterhouseCoopers LLP
Boston, MA

Legal Counsel
Choate Hall & Stewart LLP
Boston, MA

Stock Listing And Trading Symbol
Forrester's common stock is listed on the Nasdaq Global Select Market under the trading symbol "FORR."

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