

FORRESTER RESEARCH, INC.

Form 10-Q

November 06, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2018

OR

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

COMMISSION FILE NUMBER: 000-21433

FORRESTER RESEARCH, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of

incorporation or organization)

04-2797789

(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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of November 2, 2018 18,264,000 shares of the registrant’s common stock were outstanding.

FORRESTER RESEARCH, INC.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## FORRESTER RESEARCH, INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data, unaudited)

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 92,057	\$79,790
Marketable investments (Note 4)	52,395	54,333
Accounts receivable, net	38,552	70,023
Deferred commissions	10,884	13,731
Prepaid expenses and other current assets	13,292	18,942
Total current assets	207,180	236,819
Property and equipment, net	22,403	25,249
Goodwill	85,126	76,169
Intangible assets, net	5,368	732
Other assets	8,417	6,231
Total assets	\$ 328,494	\$345,200
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 512	\$217
Accrued expenses and other current liabilities	41,364	49,629
Deferred revenue	128,435	145,207
Total current liabilities	170,311	195,053
Non-current liabilities	11,353	8,958
Total liabilities	181,664	204,011
Stockholders' Equity (Note 9):		
Preferred stock, \$0.01 par value		
Authorized - 500 shares; issued and outstanding - none	—	—
Common stock, \$0.01 par value		
Authorized - 125,000 shares		
Issued - 22,893 and 22,432 shares as of September 30, 2018 and December 31, 2017, respectively		
Outstanding - 18,262 and 18,041 shares as of September 30, 2018 and December 31, 2017, respectively	229	224
Additional paid-in capital	196,803	181,910
Retained earnings	126,006	123,010
	(171,889 )	(161,943)

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Treasury stock - 4,631 and 4,391 shares as of September 30, 2018 and December 31, 2017, respectively, at cost

Accumulated other comprehensive loss	(4,319	)	(2,012	)
Total stockholders' equity	146,830		141,189	
Total liabilities and stockholders' equity	\$ 328,494		\$ 345,200	

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

FORRESTER RESEARCH, INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Research services	\$56,332	\$54,235	\$166,332	\$160,553
Advisory services and events	28,558	26,134	92,660	86,743
Total revenues	84,890	80,369	258,992	247,296
<b>Operating expenses:</b>				
Cost of services and fulfillment	34,361	32,508	107,537	100,814
Selling and marketing	31,051	29,225	96,771	90,355
General and administrative	11,192	10,083	32,871	30,672
Depreciation	1,965	1,607	6,056	4,775
Amortization of intangible assets	402	197	770	582
Acquisition and integration costs	977	—	1,306	