

GARTNER INC  
Form 10-K  
February 22, 2019  
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, 2018

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

Commission file number: 1-14443

GARTNER, INC.

(Exact name of registrant as specified in its charter)

Delaware 04-3099750

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

P.O. Box 10212

56 Top Gallant Road

Stamford, CT 06902-7700

(Address of principal executive offices) (Zip Code)

(203) 316-1111

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$.0005 par value per share	New York Stock Exchange

Securities 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 Exchange 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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, a smaller reporting company, or an emerging growth company as defined 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 check mark 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.

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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 June 30, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$11,675,031,229, based on the closing sale price as reported on the New York Stock Exchange.

As of January 31, 2019, 89,711,737 shares of the registrant's common shares were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

The definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 30, 2019 is incorporated by reference into Part III to the extent described therein.

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GARTNER, INC.

2018 ANNUAL REPORT ON FORM 10-K

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## PART I

### ITEM 1. BUSINESS.

#### GENERAL

Gartner, Inc. (NYSE: IT) is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their goals and build the successful organizations of tomorrow. We believe we have an unmatched combination of expert-led, practitioner-sourced and data-driven research that steers clients toward the right decisions on the issues that matter most. We're a trusted advisor and an objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and enterprise size.

Gartner delivers its products and services globally through three business segments:

Research provides trusted, objective insights and advice on the mission-critical priorities of leaders across all functional areas of the enterprise through research and other reports, briefings, proprietary tools, access to our analysts and advisors, peer networking services and membership programs that enable our clients to make better decisions. Gartner's traditional strengths in IT, marketing and supply chain research were enhanced in 2017 with Gartner's acquisition of CEB Inc., which added CEB's best practice and talent management research insights across a range of business functions, to include human resources, finance, sales and legal.

Conferences (formerly called Events) provides business professionals across the organization the opportunity to learn, share and network. From our flagship CIO conference Gartner IT Symposium, to industry-leading conferences focused on specific business roles and topics, to member-driven sessions, our offerings enable attendees to experience the best of Gartner insight and advice live.

Consulting provides customized solutions to unique client needs through on-site, day-to-day support, as well as proprietary tools for measuring and improving IT performance with a focus on cost, performance, efficiency and quality.

References to “the Company,” “we,” “our,” and “us” are to Gartner, Inc. and its consolidated subsidiaries.

#### MARKET OVERVIEW

Technology increasingly drives organizational strategies rather than just supporting them, and three megaforges - technology-driven industry disruption, the growing pervasiveness of technology across every part of the enterprise, and sustained macroeconomic and political volatility (such as commodity price swings, exchange rate flux, Brexit) - are rapidly changing how businesses and other organizations plan and operate.

To remain viable and competitive, business leaders must deal with this unprecedented level of disruption and change. No enterprise can be operationally effective unless it incorporates the right technology and related strategy and management decisions into every part of its business. This affects all business levels, functions and roles. Chief financial officers, heads of human resources, chief marketing officers and other executives and leaders across the enterprise are more reliant on technology than ever. Given this critical need, business enterprises, governments and their agencies, and other organizations turn to Gartner for decision-making guidance to ensure they maximize their technology investments and meet their current and future needs.

Our legacy of expertise in IT has given way to a new position: Strategic research and advisory services operating across the entire organization. We believe our best-in-class Gartner content, combined with the CEB expertise in functional areas that we integrated during 2018, has strengthened our value proposition and increased our market opportunity to an all-time high.

## OUR SOLUTION

We believe our unmatched combination of expert-led, practitioner-sourced, data-driven research steers clients toward the right decisions on the issues that matter most. We employ a diversified business model that utilizes and leverages the breadth and depth of our intellectual capital. The foundation of our business model is our ability to create and distribute our proprietary research content as broadly as possible via published reports, interactive tools, facilitated peer networking, briefings, consulting and advisory services, and our conferences, including the Gartner Symposium/Xpo™ series.

We had 2,114 research analysts and expert advisors as of December 31, 2018 located around the world who create and deliver compelling, relevant, independent and objective research and fact-based analysis on virtually every function across the enterprise.

Through our robust product portfolio, our global research and advisory team provides thought leadership and insights that CIOs and other technology practitioners, HR, sales, legal, finance, supply chain and marketing executives need to make the right decisions, every day.

In addition to our research analysts and expert advisors, as of December 31, 2018, we had 718 experienced consultants who combine our objective, independent research with a practical business perspective focused on the IT industry. Finally, our conferences are some of the largest of their kind, gathering together highly qualified audiences that include CIOs and other IT and C-suite executives, frontline IT architects and professionals, purchasers and providers of technology and supply chain products and services, business professionals, and other leaders across marketing, finance, legal, sales and HR.

## PRODUCTS AND SERVICES

Our diversified business model provides multiple entry points and sources of value for our clients that facilitate increased client spending on our research and advisory services, consulting services and conferences. A critical part of our long-term strategy is to increase business volume and penetration with our most valuable clients, identifying relationships with the greatest sales potential and expanding those relationships by offering strategically relevant research and advice. We also seek to extend the Gartner brand name to develop new client relationships, augment our sales capacity and expand into new markets around the world. In addition, we seek to increase our revenue and operating cash flow through more effective pricing of our products and services. These initiatives have created additional revenue streams through more effective packaging, campaigning and cross-selling of our products and services.

Our principal products and services are delivered through our three business segments:

**RESEARCH.** Gartner delivers independent, objective advice to leaders across the enterprise, primarily through a subscription-based digital media service. Gartner research is the fundamental building block for all Gartner services. We combine our proprietary research methodologies with extensive industry and academic relationships to create Gartner solutions that address each role across the enterprise. Within the Research segment, Global Technology Sales ("GTS") delivers products and services to users and providers of technology, while Global Business Sales ("GBS") delivers products and services to all other functional leaders.

Our research agenda is defined by clients' needs, focusing on the critical issues, opportunities and challenges they face every day. We are in steady contact with over 15,000 distinct organizations worldwide. We publish tens of thousands of pages of original research annually, and our analysts have over 380,000 client interactions every year. Our size and scale enable us to commit vast resources toward broader and deeper research coverage, and to deliver insight to our clients based on what they need and where they are. The ongoing interaction of our research analysts and advisors with our clients enables us to identify the most pertinent topics to them and develop relevant product enhancements to meet the evolving needs of users of our research. Our proprietary research content, presented in the form of reports, briefings, updates and related tools, is delivered directly to the client's desktop via our website and/or product-specific portals.

Clients normally sign subscription contracts that provide access to our research content and advisory services for individual users over a defined period of time. We typically have a minimum contract period of 12 months for our research and advisory subscription contracts and at December 31, 2018, a significant portion of our contracts were multi-year.

**CONFERENCES.** Gartner attracts more than 80,000 business and technology professionals and industry-leading technology providers to its 70+ conferences worldwide each year. Attendees experience sessions led by Gartner

analysts and advisors, cutting-edge technology solutions, peer exchange workshops, one-on-one analyst and advisor meetings, consulting diagnostic workshops, keynotes and more. They also provide attendees with an opportunity to interact with business executives from the world's leading technology companies. In addition to role-specific summits and workshop-style seminars, Gartner holds its unique, flagship IT Symposium/Xpo™ in nine locations worldwide annually. Since the addition of CEB, we've expanded to host 700+ more intimate live meetings each year, as well as 250+ exclusive C-level meetings through the Evanta brand.

**CONSULTING.** Gartner Consulting deepens relationships with our largest research and advisory clients by extending the reach of our research through custom consulting engagements. Gartner Consulting brings together our unique research insight, benchmarking data, problem-solving methodologies and hands-on experience to improve the return on a client's IT investment. Our consultants provide fact-based consulting services to help clients use and manage IT to optimize business performance.

Consulting solutions capitalize on Gartner assets that are invaluable to IT decision making, including: (1) our extensive research, which ensures that our consulting analyses and advice are based on a deep understanding of the IT environment and the business of IT; (2) our market independence, which keeps our consultants focused on our clients' success; and (3) our



market-leading benchmarking capabilities, which provide relevant comparisons and best practices to assess and improve performance. Gartner Consulting provides solutions to CIOs and other IT executives, and to those professionals responsible for IT applications, enterprise architecture, go-to-market strategies, infrastructure and operations, program and portfolio management, and sourcing and vendor relationships. Gartner Consulting also provides targeted consulting services to professionals in specific industries. Finally, we provide actionable solutions for IT cost optimization, technology modernization and IT sourcing optimization initiatives.

## COMPETITION

We believe that the principal factors that differentiate us from our competitors are:

- Superior research content - We believe that we create the broadest, highest-quality and most relevant research coverage across all major functional roles in the enterprise. Our research analysis generates unbiased insight that we believe is timely, thought-provoking and comprehensive, and that is known for its high quality, independence and objectivity.
- Our leading brand name - We have provided critical, trusted insight under the Gartner name for nearly 40 years.
- Our global footprint and established customer base - We have a global presence with clients in more than 100 countries on six continents. A substantial portion of our revenue is derived from sales outside of the United States.
- Experienced management team - Our management team is composed of research veterans and experienced industry executives with long tenure at Gartner.
- Substantial operating leverage in our business model - We have the ability to distribute our intellectual property and expertise across multiple platforms, including research publications, consulting engagements, conferences and executive programs, to derive incremental revenue and profitability.
- Vast network of analysts, advisors and consultants - As of December 31, 2018, we had 2,114 research analysts and expert advisors and 718 experienced consultants located around the world. Our analysts and advisors collectively speak 59 languages and are located in 26 countries, enabling us to cover vast aspects of business and technology on a global basis.

Notwithstanding these differentiating factors, we face competition from a significant number of independent providers of information products and services. We compete indirectly with consulting firms and other data and information providers, including electronic and print media companies. These indirect competitors could choose to compete directly with us in the future. In addition, we face competition from free sources of information that are available to our clients through the internet. Limited barriers to entry exist in the markets in which we do business. As a result, new competitors may emerge and existing competitors may start to provide additional or complementary services. While we believe the breadth and depth of our research positions us well versus our competition, increased competition could result in loss of market share, diminished value in our products and services, reduced pricing, and increased sales and marketing expenditures.

## INTELLECTUAL PROPERTY

Our success has resulted in part from proprietary methodologies, software, reusable knowledge capital and other intellectual property rights. We rely on a combination of patent, copyright, trademark, trade secret, confidentiality, non-compete and other contractual provisions to protect our intellectual property rights. We have policies related to confidentiality, ownership, and the use and protection of Gartner's intellectual property. We also enter into agreements

with our employees as appropriate that protect our intellectual property, and we enforce these agreements if necessary. We recognize the value of our intellectual property in the marketplace and vigorously identify, create and protect it. Additionally, we actively monitor and enforce contract compliance by our end users.

## EMPLOYEES

We had a total of 15,173 employees as of December 31, 2018, a slight increase compared to 15,131 at December 31, 2017. The 15,173 employees at December 31, 2018 is net of a reduction of 1,547 employees resulting from our 2018 business divestitures. Adjusting for these divestitures, our total headcount increased by approximately 11% year-over-year.

We had 8,802 employees, or 58% of our total employees, based in the U.S. at December 31, 2018 in 83 offices. We had 1,312 employees located at our headquarters facility in Stamford, Connecticut and nearby; 1,930 employees located at our Ft. Myers,

Florida offices; 1,493 located in Arlington, Virginia; 397 employees located in Irving, Texas; and 3,670 employees located elsewhere in the United States.

We had 6,371 employees, or 42% of our total employees, located outside of the United States at December 31, 2018 in 43 offices: 1,135 employees were located in Egham, the United Kingdom; 1,089 employees were located in Gurgaon, India; and 4,147 employees were located elsewhere.

Our employees may be subject to collective bargaining agreements at a company or industry level, or works councils, in those foreign countries where this is part of the local labor law or practice. We have experienced no work stoppages and consider our relations with our employees to be favorable.

#### GOVERNMENT CONTRACTS

Our U.S. government contracts are subject to the approval of appropriations by the U.S. Congress to fund the agencies contracting for our products and services. Additionally, our contracts at the state and local levels, as well as foreign government contracts, are subject to various governmental authorizations and funding approvals and mechanisms. In general, most if not all of these contracts may be terminated at any time by the government entity without cause or penalty.

#### FINANCIAL INFORMATION

The Company's financial information by business segment for the three-year period ended December 31, 2018 is provided in Note 14 — Segment Information in the Notes to Consolidated Financial Statements. Additional information regarding revenues by business segment is located in Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements.

#### AVAILABLE INFORMATION

Our internet address is [gartner.com](http://gartner.com) and the Investor Relations section of our website is located at [investor.gartner.com](http://investor.gartner.com). We make available free of charge, on or through the Investor Relations section of our website, printable copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, 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 amended (the “Exchange Act”) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”).

Also available at [investor.gartner.com](http://investor.gartner.com), under the “Governance” link, are printable and current copies of our (i) CEO & CFO Code of Ethics which applies to our Chief Executive Officer, Chief Financial Officer, Controller and other financial managers, (ii) Global Code of Conduct, which applies to all Gartner officers, directors and employees, wherever located, (iii) Board Principles and Practices, the corporate governance principles that have been adopted by our Board and (iv) charters for each of the Board’s standing committees: Audit, Compensation and Governance/Nominating.

#### ITEM 1A. RISK FACTORS

We operate in a highly competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond our control. In addition, we and our clients are affected by global economic conditions and trends. The following sections discuss many, but not all, of the various risks and uncertainties that may affect our future performance, but is not intended to be all-inclusive. Any of the risks described below could have a material adverse impact on our business, prospects, results of operations, financial condition, and cash flows, and could

therefore have a negative effect on the trading price of our common stock. Additional risks not currently known to us or that we now deem immaterial may also harm us and negatively affect your investment.

#### Risks related to our business

Our operating results could be negatively impacted by global economic conditions. Our business is impacted by general economic conditions and trends, in the United States and abroad. In its recent report, *Global Economics Prospects, January 2019: Darkening Skies*, the World Bank reported that global trade and investment have weakened and it reduced its growth outlook for both 2018 and 2019. Among the concerns cited were trade disputes, higher interest rates and lower liquidity as advanced-economy central banks continue to withdraw accommodative monetary policies, high corporate debt loads, and volatile financial markets. In the U.S., where growth has remained solid, the World Bank also cited concerns regarding the diminishing impact of the 2017 tax cuts and a volatile political environment. A downturn in growth could negatively and materially affect future demand for our products

and services in general, in certain geographic regions, in particular countries, or industry sectors. Such difficulties could negatively impact our ability to maintain or improve the various business measurements we utilize (which are defined in this annual report), such as contract value and consulting backlog growth, client retention, wallet retention and consulting utilization rates, and the number of attendees and exhibitors to our conferences and other meetings. Failure to achieve acceptable levels of these measurements or improve them could negatively impact our financial condition, results of operations, and cash flows.

We face significant competition and our failure to compete successfully could materially adversely affect our results of operations, financial condition, and cash flows. We face direct competition from a significant number of independent providers of information products and services, including information available on the internet free of charge. We also compete indirectly against consulting firms and other information providers, including electronic and print media companies, some of which may have greater financial, information gathering and marketing resources than we do. These indirect competitors could also choose to compete directly with us in the future. In addition, low barriers to entry exist in the markets in which we do business. As a result, new competitors may emerge and existing competitors may start to provide additional or complementary services. Additionally, technological advances may provide increased competition from a variety of sources.

There can be no assurance that we will be able to successfully compete against current and future competitors and our failure to do so could result in loss of market share, diminished value in our products and services, reduced pricing and increased marketing expenditures. Furthermore, we may not be successful if we cannot compete effectively on quality of research and analysis, timely delivery of information, customer service, the ability to offer products to meet changing market needs for information and analysis, or price.

We may not be able to maintain the quality of our existing products and services. We operate in a rapidly evolving market, and our success depends upon our ability to deliver high quality and timely research and analysis to our clients. Any failure to continue to provide credible and reliable information and advice that is useful to our clients could have a material adverse effect on future business and operating results. Further, if our published data, opinions or viewpoints prove to be wrong, lack independence, or are not substantiated by appropriate research, our reputation may suffer and demand for our products and services may decline. In addition, we must continue to improve our methods for delivering our products and services in a cost-effective manner via the internet and mobile applications. Failure to maintain state of the art electronic delivery capabilities could materially adversely affect our future business and operating results.

We may not be able to enhance and develop our existing products and services, or introduce the new products and services that are needed to remain competitive. The market for our products and services is characterized by rapidly changing needs for information and analysis. The development of new products is a complex and time-consuming process. Nonetheless, to maintain our competitive position, we must continue to anticipate the needs of our client organizations, develop, enhance and improve our existing as well as new products and services to address those needs, deliver all products and services in a timely, user-friendly and state of the art manner, and appropriately position and price new products and services relative to the marketplace and our costs of developing them. Any failure to achieve successful client acceptance of new products and services could have a material adverse effect on our business, results of operations and financial position. Additionally, significant delays in new product or service releases or significant problems in creating new products or services could materially adversely affect our business, results of operations and financial position.

Technology is rapidly evolving, and if we do not continue to develop new product and service offerings in response to these changes, our business could suffer. Disruptive technologies are rapidly changing the environment in which we, our clients, and our competitors operate. We will need to continue to respond to these changes by enhancing our product and service offerings in order to maintain our competitive position. However, we may not be successful in

responding to these forces and enhance our products on a timely basis, and any enhancements we develop may not adequately address the changing needs of our clients. Our future success will depend upon our ability to develop and introduce in a timely manner new or enhanced existing offerings that address the changing needs of this constantly evolving marketplace. Failure to develop products that meet the needs of our clients in a timely manner could have a material adverse effect on our business, results of operations, and financial position.

Our Research business depends on renewals of subscription-based services and sales of new subscription-based services for a significant portion of our revenue, and our failure to renew at historical rates or generate new sales of such services could lead to a decrease in our revenues. A large portion of our success depends on our ability to generate renewals of our subscription-based research products and services and new sales of such products and services, both to new clients and existing clients. These products and services constituted approximately 80% and 79% of total revenues from our on-going operations for 2018 and 2017, respectively. Generating new sales of our subscription-based products and services, both to new and existing clients, is a challenging, costly, and often time consuming process. If we are unable to generate new sales, due to competition or other factors, our revenues will be adversely affected.

Our research subscription contracts are typically for 12-months or longer. Our ability to maintain contract renewals is subject to numerous factors, including the following:

- delivering high-quality and timely analysis and advice to our clients;
- understanding and anticipating market trends and the changing needs of our clients; and
- providing products and services of the quality and timeliness necessary to withstand competition.

Additionally, as we continue to adjust our products and service offerings to meet our clients' continuing needs, we may shift the type and pricing of our products which may impact client renewal rates. While our Research client retention rate was 83% at both December 31, 2018 and 2017, there can be no guarantee that we will continue to maintain this rate of client renewals.

The profitability and success of our conferences and other meetings could be adversely affected by external factors beyond our control. Our Conferences business constituted approximately 11% of total revenues from our on-going operations in both 2018 and 2017. The market for desirable dates and locations for our activities is highly competitive. If we cannot secure desirable dates and suitable venues for our conferences their profitability could suffer, and our financial condition and results of operations may be adversely affected. In addition, because our conferences are scheduled in advance and held at specific locations, the success of these activities can be affected by circumstances outside of our control, such as labor strikes, transportation shutdowns and travel restrictions, economic slowdowns, reductions in government spending, geopolitical crises, terrorist attacks, war, weather, natural disasters, communicable diseases, and other occurrences impacting the global, regional, or national economies, the occurrence of any of which could negatively impact the success of the activity. We also face the challenge of procuring venues that are sizeable enough at a reasonable cost to accommodate some of our major activities.

Our Consulting business depends on non-recurring engagements and our failure to secure new engagements could lead to a decrease in our revenues. Consulting segment revenues constituted approximately 9% and 10% of total revenues from our on-going operations in 2018 and 2017, respectively. Consulting engagements typically are project-based and non-recurring. Our ability to replace consulting engagements is subject to numerous factors, including the following:

- delivering consistent, high-quality consulting services to our clients;
- tailoring our consulting services to the changing needs of our clients; and
- our ability to match the skills and competencies of our consulting staff to the skills required for the fulfillment of existing or potential consulting engagements.

Any material decline in our ability to replace consulting engagements could have an adverse impact on our revenues and our financial condition. In addition, revenue from our contract optimization business can fluctuate significantly from period to period and is not predictable.

Our sales to governments are subject to appropriations and may be terminated. We derive significant revenues from research and consulting contracts with the United States government and its respective agencies, numerous state and local governments and their respective agencies, and foreign governments and their agencies. At December 31, 2018 and 2017, approximately \$555.0 million and \$435.0 million, respectively, of our revenue contracts were attributable to government entities. Our U.S. government contracts are subject to the approval of appropriations by the U.S. Congress to fund the agencies contracting for our services. Additionally, our contracts at the state and local levels, as well as

foreign government contracts, are subject to various governmental authorizations and funding approvals and mechanisms. In general, most if not all of these contracts may be terminated at any time by the government entity without cause or penalty (“termination for convenience”). In addition, contracts with U.S. federal, state and local, and foreign governments and their respective agencies are subject to increasingly complex bidding procedures and compliance requirements, as well as intense competition. While terminations by governments have not been significant historically, should appropriations for the various governments and agencies that contract with us be curtailed, or should our government contracts be terminated for convenience, we may experience a significant loss of revenues.

We may not be able to attract and retain qualified personnel which could jeopardize the quality of our products and services and our future growth plans. Our success is based on attracting and retaining talented employees and we depend heavily upon the quality of our senior management, research analysts, consultants, sales and other key personnel. The market for highly skilled workers and leaders in our industry is extremely competitive. Maintaining our brand and reputation are important to our ability to recruit and retain employees. We face competition for qualified professionals from, among others, technology companies, market research firms, consulting firms, financial services companies and electronic and print media companies, some of which have a



greater ability to attract and compensate these professionals. Additionally, some of the personnel that we attempt to hire are subject to non-compete agreements that could impede our short-term recruitment efforts. We may also be limited in our ability to recruit internationally by restrictive domestic immigration laws, and changes to policies that restrain the flow of technical and professional talent could inhibit our ability to adequately staff our research and development and other efforts. An inability to retain key personnel or to hire and train additional qualified personnel could materially adversely affect the quality of our products and services, as well as our future business and operating results. In addition, effective succession planning is important to our long-term success, and failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution.

We may not be able to maintain the equity in our brand name. We believe that our “Gartner” brand, in particular our independence, is critical to our efforts to attract and retain clients and top talent, and that the importance of brand recognition will increase as competition increases. We may also discover that our brand, though recognized, is not perceived to be relevant by new market segments we have targeted. We may expand our marketing activities to promote and strengthen the Gartner brand and may need to increase our marketing budget, hire additional marketing and public relations personnel, and expend additional sums to protect our brand and otherwise increase expenditures to create and maintain client brand loyalty. If we fail to effectively promote, maintain, and protect the Gartner brand, or incur excessive expenses in doing so, our future business and operating results could be materially adversely impacted.

Our international operations expose us to a variety of operational and other risks which could negatively impact our financial condition, results of operations, and cash flows. We have clients in more than 100 countries and a substantial amount of our revenue is earned outside of the United States. Our operating results are subject to all of the risks typically inherent in international business activities, including general political and economic conditions in each country, challenges in staffing and managing foreign operations, changes in regulatory requirements, compliance with numerous and complex foreign laws and regulations, currency restrictions and fluctuations, the difficulty of enforcing client agreements, collecting accounts receivable and protecting intellectual property rights or against economic espionage in international jurisdictions.

Our business could also be negatively impacted by tariffs, trade barriers and restrictions, and other acts by governments to protect domestic markets or to retaliate against the trade tariffs and restrictions of other nations. In addition, the withdrawal of nations from existing common markets or trading blocs, such as the possible exit of the United Kingdom from the European Union (EU), commonly referred to as Brexit, could be potentially disruptive and could negatively impact our business and our clients. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations in the United Kingdom and EU. We, as well as our clients who have significant operations in the United Kingdom, may incur additional costs and expenses as we adapt to potentially divergent regulatory frameworks from the rest of the EU and as a result, our contractual commitments in the United Kingdom and the rest of the EU may be impacted, which could negatively affect our operations in Europe. This and other Brexit-related issues may require changes to our legal entity structure in the United Kingdom and the EU. Any of these effects of Brexit, among others, could harm our business and financial results.

We rely on local distributors or sales agents in some international locations. If any of these arrangements are terminated by our agent or us, we may not be able to replace the arrangement on beneficial terms or on a timely basis, or clients of the local distributor or sales agent may not want to continue to do business with us or our new agent.

Our business and operations may be conducted in countries where corruption has historically penetrated the economy. It is our policy to comply, and to require our local partners, distributors, agents, and those with whom we do business to comply, with all applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and U.K. Bribery Act, and with applicable local laws of the foreign countries in which we operate. There can be no assurance that all of

our employees, contractors and agents will comply with the Company's policies that mandate compliance with these laws. Any failure to comply with these laws, even if inadvertent could be costly and disrupt our business, which could have a material adverse effect on our business, results of operations, financial condition, liquidity and cash flows, as well as on our reputation. For example, during the second half of 2018 we cooperated fully with a South African government commission established to review a wide range of issues related to the country's revenue service, including the procurement and fulfillment of consulting agreements we entered into with the revenue service through a sales agent from late 2014 through early 2017. With respect to Gartner, the commission recommended that the revenue service explore lawful options to invalidate the agreements, in whole or in part, and attempt to recover certain payments it made to us. In parallel with our cooperation in South Africa, we commenced an internal investigation regarding this matter and voluntarily disclosed to the SEC and Department of Justice ("DOJ") in November 2018 that the commission was reviewing our procurement of these agreements. We intend to fully cooperate with any SEC or DOJ inquiries into this matter. At this time, we do not believe the ultimate outcome of these matters will have a material effect on our financial results, however, an unexpected adverse resolution of these matters could negatively impact our financial condition, results of operations, and liquidity.

We are exposed to volatility in foreign currency exchange rates from our international operations. A significant portion of our revenues are typically derived from sales outside of the United States. Revenues earned outside the U.S. are typically transacted in local currencies, which may fluctuate significantly against the U.S. dollar. While we may use forward exchange contracts to a limited extent to seek to mitigate foreign currency risk, our revenues and results of operations could be adversely affected by unfavorable foreign currency fluctuations. Additionally, our effective tax rate is increased as the U.S. dollar strengthens against foreign currencies, which could impact our operating results.

Natural disasters, terrorist acts, war, actions by governments, and other geopolitical activities could disrupt our operations. We operate in numerous U.S. and international locations, and we have offices in a number of major cities across the globe. A major weather event, earthquake, flood, drought, volcanic activity, disease, or other natural disaster could significantly disrupt our operations. In addition, acts of civil unrest, failure of critical infrastructure, terrorism, armed conflict, war, and abrupt political change, as well as responses by various governments and the international community to such acts, can have a negative effect on our business. Such events could cause delays in initiating or completing sales, impede delivery of our products and services to our clients, disrupt or shut down the internet or other critical client-facing and business processes, impede the travel of our personnel and clients, dislocate our critical internal functions and personnel, and in general harm our ability to conduct normal business operations, any of which can negatively impact our financial condition and operating results. Such events could also impact the timing and budget decisions of our clients, which could materially adversely affect our business.

Privacy concerns could damage our reputation and deter current and potential clients from using our products and services or attending our conferences. Concerns relating to global data privacy have the potential to damage our reputation and deter current and prospective clients from using our products and services or attending our conferences. In the ordinary course of our business and in accordance with applicable laws, we collect personal information (i) from our employees (ii) from the users of our products and services, including conference attendees; and (iii) from prospective clients. We collect only basic personal information from our clients and prospects. While we believe our overall data privacy procedures are adequate, the theft or loss of such data, or concerns about our practices, even if unfounded, with regard to the collection, use, disclosure, or security of this personal information or other data protection related matters could damage our reputation and materially adversely affect our operating results. Any systems failure or compromise of our security that results in the disclosure of our users' personal data could seriously limit the consumption of our products and services and the attendance at our conferences, as well as harm our reputation and brand and, therefore, our business.

In addition, continuously evolving data protection laws and regulations, such as the European Union General Data Protection Regulation ("GDPR") (effective in May 2018), and the new California Consumer Privacy Act ("CCPA"), which takes effect in January 2020, pose increasingly complex compliance challenges. We have implemented a GDPR compliance program and are working towards CCPA compliance. In the meantime, Gartner will continue to maintain and rely upon our comprehensive global data protection compliance program, which includes administrative, technical, and physical controls to safeguard our associates' and clients' personal data. The interpretation and application of these laws in the United States, the European Union and elsewhere are often uncertain, inconsistent and ever changing. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

Internet and critical internal computer system failures, cyber-attacks, or compromises of our systems or security could damage our reputation and harm our business. A significant portion of our business is conducted over the internet and we rely heavily on computer systems to conduct our operations. Individuals, groups, and state-sponsored organizations may take steps that pose threats to our operations, our computer systems, our employees, and our customers. They may develop and deploy malicious software to gain access to our networks and attempt to steal confidential information, launch distributed denial of service attacks, or attempt other coordinated disruptions. These threats are constantly evolving and becoming more sophisticated, thereby increasing the difficulty of detecting and

successfully defending against them. A cyber-attack, widespread internet failure or internet access limitations, or disruption of our critical information technology systems through denial of service, viruses, or other events could cause delays in initiating or completing sales, impede delivery of our products and services to our clients, disrupt other critical client-facing or business processes, or dislocate our critical internal functions. Such events could significantly harm our ability to conduct normal business operations and negatively impact our financial results.

We take steps to secure our management information systems, including our computer systems, intranet, proprietary websites, email and other telecommunications and data networks, and we carefully scrutinize the security of outsourced website and service providers prior to retaining their services. However, the security measures implemented by us or by our outside service providers may not be effective and our systems (and those of our outside service providers) may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, cyber-attacks, computer viruses, power loss, or other disruptive events. Our reputation, brand, financial condition and operating results could be materially adversely affected if, as a result of a significant cyber event or other technology-related catastrophe, our operations are disrupted or shutdown; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines

in connection with stolen customer, employee, or other confidential information; we are required to dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation, regulatory action and scrutiny or other costs as a result of these occurrences.

We may experience outages and disruptions of our online services if we fail to maintain an adequate operations infrastructure. Our increasing user traffic and complexity of our products and services demand more computing power. We have spent and expect to continue to spend substantial amounts to maintain data centers and equipment and to move more of our workload into cloud services, to upgrade our technology and network infrastructure to handle increased traffic on our websites, and to deliver our products and services through emerging channels, such as mobile applications. However, any inefficiencies or operational failures could diminish the quality of our products, services, and user experience, resulting in damage to our reputation and loss of current and potential users, subscribers, and advertisers, potentially harming our financial condition and operating results.

Our outstanding debt obligations could negatively impact our financial condition and future operating results. As of December 31, 2018, the Company had outstanding debt of \$1.5 billion under its 2016 term loan and revolving credit facility, as amended (the "2016 Credit Agreement") and \$800.0 million of Senior Notes Due 2025 ("Senior Notes"). Additional information regarding the 2016 Credit Agreement and the Senior Notes is included in Note 5 — Debt in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

The debt service requirements of these borrowings could impair our future financial condition and operating results. In addition, the affirmative, negative and financial covenants of the 2016 Credit Agreement, as amended, as well as the covenants related to the Senior Notes, could limit our future financial flexibility. A failure to comply with these covenants could result in acceleration of all amounts outstanding, which could materially impact our financial condition unless accommodations could be negotiated with our lenders and Noteholders. No assurance can be given that we would be successful in doing so, or that any accommodations that we were able to negotiate would be on terms as favorable as those currently. The outstanding debt may limit the amount of cash or additional credit available to us, which could restrain our ability to expand or enhance products and services, respond to competitive pressures or pursue future business opportunities requiring substantial investments of additional capital.

In addition, variable rate borrowings under our 2016 Credit Agreement typically use LIBOR as a benchmark for establishing the rate of interest. LIBOR is the subject of recent national and international regulatory scrutiny which may result in changes that cause LIBOR to disappear entirely after 2021 or to cause it to perform differently than in the past. The consequences of these LIBOR developments on our variable rate borrowings, including the possible transition to other rates such as the Secured Overnight Financing Rate (SOFR), cannot be predicted at this time, but could include an increase in the cost of our variable rate indebtedness and volatility in our earnings.

We may require additional cash resources which may not be available on favorable terms or at all. We may require additional cash resources due to changed business conditions, implementation of our strategy and stock repurchase program, to repay indebtedness or to pursue future business opportunities requiring substantial investments of additional capital, including acquisitions. If our existing financial resources are insufficient to satisfy our requirements, we may seek additional borrowings or issue debt. Prevailing credit and debt market conditions may negatively affect debt availability and cost, and, as a result, financing may not be available in amounts or on terms acceptable to us, if at all. In addition, the incurrence of additional indebtedness would result in increased debt service obligations and could require us to agree to operating and financial covenants that would further restrict our operations.

If we are unable to enforce and protect our intellectual property rights our competitive position may be harmed. We rely on a combination of copyright, trademark, trade secret, patent, confidentiality, non-compete and other contractual provisions to protect our intellectual property rights. Despite our efforts to protect our intellectual property rights,

unauthorized third parties may obtain and use technology or other information that we regard as proprietary. Our intellectual property rights may not survive a legal challenge to their validity or provide significant protection for us. The laws of certain countries, particularly in emerging markets, do not protect our proprietary rights to the same extent as the laws of the United States. Accordingly, we may not be able to protect our intellectual property against unauthorized third-party copying or use, which could adversely affect our competitive position. Additionally, there can be no assurance that another party will not assert that we have infringed its intellectual property rights.

Our employees are subject to restrictive covenant agreements (which include restrictions on employees' ability to compete and solicit customers and employees) and assignment of invention agreements, to the extent permitted under applicable law. When the period expires relating to the particular restriction, former employees may compete against us. If a former employee violates the provisions of his/her restrictive covenant agreement, we seek to enforce the restrictions but there is no assurance that we will be successful in our efforts.

We have grown, and may continue to grow, through acquisitions and strategic investments, which could involve substantial risks. We have made and may continue to make acquisitions of, or significant investments in, businesses that offer complementary products and services or otherwise support our growth objectives. The risks involved in each acquisition or investment include the possibility of paying more than the value we derive from the acquisition, dilution of the interests of our current stockholders should we issue stock in the acquisition, decreased working capital, increased indebtedness, the assumption of undisclosed liabilities and unknown and unforeseen risks, the ability to retain key personnel of the acquired company, the inability to integrate the business of the acquired company and increase sales, the time to train the sales force to market and sell the products of the acquired business, the potential disruption of our ongoing business and the distraction of management from our day to day business. The realization of any of these risks could adversely affect our business. Additionally, we face competition in identifying acquisition targets and consummating acquisitions.

We face risks related to leased office space. With the 2017 CEB acquisition we assumed a significant amount of additional leased office space, in particular in Arlington, Virginia, which formerly served as CEB's headquarters location. We have largely completed all the office space consolidations necessitated by the CEB acquisition as well as the divestiture of certain former CEB businesses that we completed during 2018. In Arlington we have consolidated all our businesses into a single new building and have substantially sublet the excess space in all of our other properties. Similarly, in Chicago we have also consolidated into a single new office space consolidating four different legacy spaces. Through all the consolidations we have tried to secure quality sub-tenants with appropriate sub-lease terms. However, if subtenants default on their sublease obligation with us or otherwise terminate the subleases with us, we may experience a loss of planned sublease rental income, which could result in a material charge against our operating results.

We are also in the process of adding new leased spaces to support our continued growth. If the new spaces are not completed on schedule, or if the landlord defaults on its commitments and obligations pursuant to the new leases, we may incur additional expenses. In addition, unanticipated difficulties in initiating operations in a new space, including construction delays, IT system interruptions, or other infrastructure support problems, could result in a delay in moving into the new space, resulting in a loss of employee and operational productivity and a loss of revenue and/or additional expenses, which could also have an adverse, material impact on our operating results.

We face risks related to litigation. We are, and in the future may be, subject to a variety of legal actions, such as employment, breach of contract, intellectual property-related, and business torts, including claims of unfair trade practices and misappropriation of trade secrets. Given the nature of our business, we are also subject to defamation (including libel and slander), negligence, or other claims relating to the information we publish. Regardless of the merits and despite vigorous efforts to defend any such claim can affect our reputation, and responding to any such claim could be time consuming, result in costly litigation and require us to enter into settlements, royalty and licensing agreements which may not be offered or available on reasonable terms. If a claim is made against us which we cannot defend or resolve on reasonable terms, our business, brand, and financial results could be materially adversely affected.

We face risks related to taxation. We are a global company and a substantial amount of our earnings is generated outside of the United States and taxed at rates less than the U.S. statutory federal income tax rate. Our effective tax rate, financial position and results of operations could be adversely affected by earnings being higher than anticipated in jurisdictions with higher statutory tax rates and, conversely, lower than anticipated in jurisdictions that have lower statutory tax rates, by changes in the valuation of our deferred tax assets and/or by changes in tax laws or accounting principles and their interpretation by relevant authorities.

At the present time, the United States and other countries where we do business have either changed or are actively considering changes in their tax, accounting and other related laws. In the United States, tax reform has introduced

numerous new complicated tax laws which could unfavorably impact our future effective tax rate. Various provisions of the U.S. Tax Cuts and Jobs Act of 2017 ("the Act") are highly complex and remain unclear in certain respects. Additional guidance in the form of notices and proposed regulations have been issued, and further guidance is expected to be issued. Changes could be made to the proposed regulations, future legislation could be enacted, and more regulations and notices could be issued. We will continue to monitor and will reflect impacts in future financial statements as appropriate. In addition, many state and local tax jurisdictions are still determining how they will interpret the Act. Final state and local governments' legislation or guidance relating to the Act may impact our financial results.

During 2015, the Organization for Economic Cooperation and Development ("OECD") released final reports on various action items associated with its initiative to prevent Base Erosion and Profit Shifting ("BEPS"). Numerous countries have and continue to propose tax law changes intended to address BEPS. The future enactment by various governments of these and other proposals could significantly increase our tax obligations in many countries where we do business. These actual, potential, and other changes, both individually and collectively, could materially increase our effective tax rate and negatively impact our financial position, results of operations, and cash flows.



In addition, our tax filings for various years are subject to examination by domestic and international taxing authorities and, during the ordinary course of business, we are under audit by various tax authorities. Recent and future actions on the part of the OECD and various governments have increased scrutiny of our tax filings. Although we believe that our tax filings and related accruals are reasonable, the final resolution of tax audits may be materially different from what is reflected in our historical tax provisions and accruals and could have a material adverse effect on our effective tax rate, financial position, results of operations, and cash flows, particularly in major taxing jurisdictions including, but not limited to: the United States, Ireland, India, Canada, United Kingdom, Japan, and France.

As of December 31, 2018, we had approximately \$171.0 million of accumulated undistributed earnings in our non-U.S. subsidiaries. Our cash and cash equivalents are held in numerous locations throughout the world. At December 31, 2018, 79% of our cash and cash equivalents was held overseas, with a substantial portion representing accumulated undistributed earnings of our non-U.S. subsidiaries. Under U.S. GAAP, no provision for income taxes that may result from the remittance of accumulated undistributed foreign earnings is required if the Company intends to reinvest such earnings overseas indefinitely. Our current liquidity requirements do not demonstrate a need to repatriate accumulated undistributed foreign earnings to fund our U.S. operations or otherwise satisfy the liquidity needs of our U.S. operations. Accordingly, the Company intends to continue to reinvest substantially all of its accumulated undistributed foreign earnings, except in instances in which the repatriation of those earnings would result in minimal additional tax. As a result, we have not recognized income tax expense on the amounts deemed permanently reinvested. However, under the provisions of the U.S Tax Cuts and Jobs Act of 2017, we envision that the income tax that would be payable if such earnings were repatriated would be minimal.

Our corporate compliance program cannot guarantee that we are in compliance with all applicable laws and regulations. We operate in a number of countries, including emerging markets, and as a result we are required to comply with numerous, and in many cases, changing international and U.S. federal, state and local laws and regulations. As a result, we have a corporate compliance program which includes the creation of appropriate policies defining employee behavior that mandate adherence to laws, employee training, annual affirmations, monitoring and enforcement. However, if any employee fails to comply with, or intentionally disregards, any of these laws, regulations or our policies, a range of liabilities could result for the employee and for the Company, including, but not limited to, significant penalties and fines, sanctions and/or litigation, and the expenses associated with defending and resolving any of the foregoing, any of which could have a negative impact on our reputation and business.

#### Risks related to our common stock

Our operating results may fluctuate from period to period and/or the financial guidance we have given may not meet the expectations of investors, which may cause the price of our common stock to decline. Our quarterly and annual operating results may fluctuate in the future as a result of many factors, including the timing of the execution of research contracts, the extent of completion of consulting engagements, the timing of our conferences, the amount of new business generated, the mix of domestic and international business, currency fluctuations, changes in market demand for our products and services, the timing of the development, introduction and marketing of new products and services, competition in our industry, the impact of our acquisitions, and general economic conditions. An inability to generate sufficient earnings and cash flow, and achieve our forecasts, may impact our operating and other activities. The potential fluctuations in our operating results could cause period-to-period comparisons of operating results not to be meaningful and may provide an unreliable indication of future operating results. Furthermore, our operating results may not meet the expectations of investors or the financial guidance we have previously provided. If this occurs, the price of our common stock could decline.

Our stock price may be impacted by factors outside of our control and you may not be able to resell shares of our common stock at or above the price you paid. The price of our common stock is subject to significant fluctuations in response to, among other factors, developments in the industries in which we do business, general economic conditions, general market conditions, geo-political events, changes in the nature and composition of our stockholder base, changes in securities analysts' recommendations regarding our securities and our performance relative to securities analysts' expectations for any quarterly period, as well as other factors outside of our control including any and all factors that move the securities markets generally. These factors may materially adversely affect the market price of our common stock.

Future sales or issuances of our common stock in the public market could lower our stock price. Sales of a substantial number of shares of common stock in the public market by our current stockholders, or the threat that substantial sales may occur, could cause the market price of our common stock to decrease significantly or make it difficult for us to raise additional capital by selling stock. The issuance of additional shares of our common stock could also lower the market price of our common stock. Furthermore, we have various equity incentive plans that provide for awards in the form of stock appreciation rights, restricted stock, restricted stock units and other stock-based awards which have the effect of adding shares of common stock into the public market. We have a board-approved share repurchase program and at December 31, 2018, approximately \$871.0 million remained available for share

purchases under this program. No assurance can be given that we will continue these share repurchase activities in the future when the program is completed, or in the event that the price of our common stock reaches levels at which repurchases are not accretive.

Future sales of our common stock from grants and awards could lower our stock price. As of December 31, 2018, the aggregate number of shares of our common stock issuable pursuant to outstanding grants and awards under our equity incentive plans was approximately 2.6 million shares (approximately 0.5 million of which have vested). In addition, at the present time, approximately 4.9 million shares may be issued in connection with future awards under our equity incentive plans. Shares of common stock issued under these plans are freely transferable and have been registered under the Securities Act of 1933, as amended (the "Securities Act"), except for any shares held by affiliates (as that term is defined in Rule 144 under the Securities Act) which are subject to certain limitations. We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock.

Interests of certain of our significant stockholders may conflict with yours. To our knowledge, as of the date hereof, and based upon publicly-available SEC filings, five institutional investors each presently hold over 5% of our common stock. While no stockholder or institutional investor individually holds a majority of our outstanding shares, these significant stockholders may be able, either individually or acting together, to exercise significant influence over 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. In addition, in the event of a proposed acquisition of the Company by a third party, this concentration of ownership may delay or prevent a change of control in us. Accordingly, the interests of these stockholders may not always coincide with our interests or the interests of other stockholders, or otherwise be in the best interests of us or all stockholders.

Our anti-takeover protections may discourage or prevent a change of control, even if a change in control would be beneficial to our stockholders. Provisions of our restated certificate of incorporation and bylaws and Delaware law may make it difficult for any party to acquire control of us in a transaction not approved by our Board of Directors. These provisions include: (i) the ability of our Board of Directors to issue and determine the terms of preferred stock; (ii) advance notice requirements for inclusion of stockholder proposals at stockholder meetings; and (iii) the anti-takeover provisions of Delaware law. These provisions could discourage or prevent a change of control or change in management that might provide stockholders with a premium to the market price of their common stock.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

#### ITEM 2. PROPERTIES.

As of December 31, 2018, we leased 83 domestic and 43 international active properties. These offices support our executive and administrative activities, research and consulting, sales, systems support, operations, and other functions. We have a significant presence in Stamford, Connecticut; Ft. Myers, Florida; Arlington, Virginia; Egham, the United Kingdom; Gurgaon, India; and Irving, Texas. The Company does not own any real properties.

Our Stamford corporate headquarters are located in 213,000 square feet of leased office space in three buildings located on the same campus. The Company's lease on the Stamford headquarters facility expires in 2027 and contains three five-year renewal options at fair value. In 2017 we leased an additional 57,000 square feet of space in a fourth building adjacent to our Stamford headquarters facility under a lease designed to be co-terminus with our headquarters, and we also have options for further space in this building.

In Ft. Myers, we lease 257,795 square feet in two buildings located on the same campus and we also have an additional 41,590 square feet of leased space in two separate but nearby buildings that house staff training and other facilities. Our Ft. Myers leases expire in 2030. To accommodate future growth in Ft. Myers, we also signed a lease (20 year lease with a termination option at 15 years) with a new multi-building development just south of our current campus for an additional 250,000 square feet to be delivered in phases. We occupied the first phase of the south campus in 2018 and expect to occupy the rest in 2019. This site also offers us options for further growth as necessary.

In Arlington, we have largely completed our strategy to consolidate multiple heritage CEB and Gartner offices that occupied 439,354 square feet across four different locations into 290,215 square feet of space in a single new building for a 15 year term that expires at the end of 2032.

In Egham, most of our operations are housed in a 107,540 square foot building that opened in September 2017. The Egham lease has a term of 15 years. We also continue to maintain some operations in an adjacent legacy building.

In Gurgaon, we occupy 125,358 square feet across five locations that are a mix of serviced and traditional office space. To accommodate future growth in Gurgaon and consolidate our operations, we signed an agreement to lease approximately 250,000 square feet in a new development to be delivered in 2019. This development, which is close to our current locations, also offers us potential for further growth as necessary.

In Irving, we have begun a phased occupancy in our new Center of Excellence. To support the growth of this site, we signed a lease (15 year lease with termination option at 10 years) for 152,000 square feet that will be occupied in a phased manner from 2018 through 2020.

We expect to continue to invest in our business by adding headcount, and as a result, we may need additional office space in various locations. Should additional space be necessary, we believe that it will be available and at reasonable terms.

### ITEM 3. LEGAL PROCEEDINGS.

We are involved in various legal and administrative proceedings and litigation arising in the ordinary course of business. The outcome of these individual matters is not predictable at this time. However, we believe that the ultimate resolution of these matters, after considering amounts already accrued and insurance coverage, will not have a material adverse effect on our financial position, results of operations, or cash flows in future periods.

### 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 New York Stock Exchange under the symbol "IT". As of January 31, 2019, there were 1,189 holders of record of our common stock. Our 2019 Annual Meeting of Stockholders will be held on May 30, 2019 at the Company's corporate headquarters in Stamford, Connecticut. We did not submit any matter to a vote of our stockholders during the fourth quarter of 2018.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The equity compensation plan information set forth in Part III, Item 12 of this Form 10-K is hereby incorporated by reference into this Part II, Item 5.

### SHARE REPURCHASES

The Company has a \$1.2 billion board authorization adopted in May 2015 to repurchase the Company's common stock. The Company may repurchase its common stock from time-to-time in amounts, at prices and in the manner that the Company deems appropriate, subject to the availability of stock, prevailing market conditions, the trading price of the stock, the Company's financial performance and other conditions. Repurchases may be made through open market

purchases (which may include repurchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended), accelerated share repurchases, private transactions or other transactions and will be funded from cash on hand and borrowings under our 2016 Credit Agreement. Repurchases may also be made from time-to-time in connection with the settlement of the Company's share-based compensation awards.

The following table summarizes the repurchases of our outstanding common stock during the three months ended December 31, 2018 pursuant to our \$1.2 billion share repurchase authorization and the settlement of share-based compensation awards:

Period	Total Number of Shares Purchased (#)	Average Price Paid Per Share (\$)	Total Number of Shares Purchased Under Announced Program (#)	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (in billions)
October	424,708	\$ 145.46	424,400	\$ 1.0
November	80,944	143.50	71,011	1.0
December	733,365	133.68	733,044	\$ 0.9
Total for the quarter	1,239,017	\$ 138.36	1,228,455	

## ITEM 6. SELECTED FINANCIAL DATA

The fiscal years presented below are for the respective twelve-month period from January 1 through December 31. Data for all years was derived or compiled from our audited consolidated financial statements included herein or from submissions of our Form 10-K in prior years. The selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes contained in this Annual Report on Form 10-K.

(In thousands, except per share data)	2018	2017	2016	2015	2014
<b>STATEMENT OF OPERATIONS DATA:</b>					
Revenues:					
Research	\$3,105,764	\$2,471,280	\$1,857,001	\$1,614,904	\$1,479,976
Conferences	410,461	337,903	268,605	251,835	227,707
Consulting	353,667	327,661	318,934	296,317	313,758
Other	105,562	174,650	—	—	—
Total revenues	\$3,975,454	\$3,311,494	\$2,444,540	\$2,163,056	\$2,021,441
Operating income (loss)	\$259,715	\$(6,329)	\$305,141	\$287,997	\$286,162
Net income	\$122,456	\$3,279	\$193,582	\$175,635	\$183,766

**PER SHARE DATA:**

Basic income per share	\$1.35	\$0.04	\$2.34	\$2.09	\$2.06
Diluted income per share	\$1.33	\$0.04	\$2.31	\$2.06	\$2.03

**Weighted average shares outstanding:**

Basic	90,827	88,466	82,571	83,852	89,337
Diluted	92,122	89,790	83,820	85,056	90,719

**OTHER DATA:**

Cash and cash equivalents	\$156,368	538,908	\$474,233	\$372,976	\$365,302
Total assets	6,201,474	7,283,173	2,367,335	2,168,517	1,904,351
Long-term debt	2,146,514	2,943,341	672,500	790,000	385,000
Stockholders' equity (deficit)	850,757	983,465	60,878	(132,400)	161,171
Cash provided by operating activities	\$471,158	254,517	\$365,632	\$345,561	\$346,779

The following items impact the presentation and comparability of our consolidated data:

In 2017 the Company acquired CEB Inc. The operating results of CEB have been included in the Company's operating results since the acquisition date. The Company also made acquisitions in the other periods presented in the table. Note 2 — Acquisitions and Divestitures in the Notes to Consolidated Financial Statements provides additional information.

- In 2018 the Company divested all three of the non-core businesses that comprised its Other segment. Note 2 — Acquisitions and Divestitures in the Notes provides additional information.

In 2018 and 2017 we had \$107.2 million and \$158.5 million, respectively, of acquisition and integration charges related to our acquisitions. Note 2 — Acquisitions and Divestitures in the Notes provides additional information.

In 2017 we recorded a \$59.6 million tax benefit related to the U.S. Tax Cuts and Jobs Act of 2017, which increased our diluted earnings per share by \$0.66 per share. Note 10 — Income Taxes in the Notes provides additional information.

In 2017 the Company borrowed approximately \$2.8 billion. In 2018, the Company reduced its outstanding debt by \$1.0 billion. Note 5 — Debt in the Notes provides additional information.



In 2017 the Company issued 7.4 million shares of its common stock in connection with the CEB acquisition. Note 7 — Stockholders' Equity in the Notes provides additional information.

We repurchased 2.1 million, 0.4 million, 0.6 million, 6.2 million and 5.9 million shares of our common stock in 2018, 2017, 2016, 2015 and 2014, respectively. We used \$260.8 million, \$41.3 million, \$59.0 million, \$509.0 million and \$432.0 million in cash for share repurchases in 2018, 2017, 2016, 2015 and 2014, respectively. Note 7 — Stockholders' Equity in the Notes provides additional information.

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## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The purpose of the following Management's Discussion and Analysis ("MD&A") is to facilitate an understanding of significant factors influencing the operating results, financial condition and cash flows of Gartner, Inc. Additionally, the MD&A conveys our expectations of the potential impact of known trends, events or uncertainties that may impact future results. You should read this discussion in conjunction with our consolidated financial statements and related notes included in this Annual Report on Form 10-K. Historical results and percentage relationships are not necessarily indicative of operating results for future periods. References to "Gartner," the "Company," "we," "our" and "us" in this MD&A are to Gartner, Inc. and its consolidated subsidiaries.

### Business Divestitures

During 2018, the Company divested all three of the non-core businesses that comprised its Other segment, each of which were acquired as part of the acquisition of CEB Inc. in April 2017. As a result of these divestitures and the movement of a small residual product in the Other segment into the Research business, the Company is no longer recording any additional operating activity in the Other segment effective September 1, 2018. Additional information regarding the divestitures is included in Note 2 –Acquisitions and Divestitures in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

### FORWARD-LOOKING STATEMENTS

In addition to historical information, this Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are any statements other than statements of historical fact, including statements regarding our expectations, beliefs, hopes, intentions, projections, or strategies regarding the future. In some cases, forward-looking statements can be identified by the use of words such as "may," "will," "expect," "should," "could," "believe," "plan," "anticipate," "estimate," "predict," "potential," "continue" or other words of similar meaning.

We operate in a very competitive and rapidly changing environment that involves numerous risks and uncertainties, some of which are beyond our control. Additionally, our quarterly and annual revenues, operating income, and cash flows fluctuate as a result of many factors, including: the timing of our Symposium/ITxpo series that normally occurs during the fourth quarter, as well as our other conferences and meetings; the amount of new business generated, including from acquisitions; the mix of domestic and international business; domestic and international economic conditions; changes in market demand for our products and services; changes in foreign currency rates; the timing of the development, introduction and marketing of new products and services; competition in the industry; the payment of performance compensation; and other factors. The potential fluctuations in our operating income could cause period-to-period comparisons of operating results not to be meaningful and could provide an unreliable indication of future operating results. A description of the risk factors associated with our business is included under "Risk Factors" in Item 1A. of this Annual Report on Form 10-K, which is incorporated herein by reference.

Forward-looking statements are subject to risks, estimates and uncertainties that could cause actual results to differ materially from those discussed in, or implied by, the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in "Risk Factors" in Item 1A. of this Annual Report on Form 10-K. Readers should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

### BUSINESS OVERVIEW

Gartner, Inc. (NYSE: IT) is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their goals and build the successful organizations of tomorrow. We believe we have an unmatched combination of expert-led, practitioner-sourced and data-driven research that steers clients toward the right decisions on the issues that matter most. We're a trusted advisor and an objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and enterprise size. Gartner is headquartered in Stamford, Connecticut, and as of December 31, 2018, we had more than 15,000 associates.

Gartner currently delivers its products and services globally through three business segments:

Research provides trusted, objective insights and advice on the mission-critical priorities of leaders across all functional areas of the enterprise through research and other reports, briefings, proprietary tools, access to our analysts and advisors, peer networking services and membership programs that enable our clients to make better decisions. Gartner's traditional strengths

in IT, marketing and supply chain research were enhanced in 2017 with Gartner's acquisition of CEB Inc., which added CEB's best practice and talent management research insights across a range of business functions, to include human resources, finance, sales and legal.

Conferences (formerly called Events) provides business professionals across the organization the opportunity to learn, share and network. From our flagship CIO conference Gartner IT Symposium, to industry-leading conferences focused on specific business roles and topics, to member-driven sessions, our offerings enable attendees to experience the best of Gartner insight and advice live.

Consulting provides customized solutions to unique client needs through on-site, day-to-day support, as well as proprietary tools for measuring and improving IT performance with a focus on cost, performance, efficiency and quality.

## BUSINESS MEASUREMENTS

We believe that the following business measurements are important performance indicators for our business segments:

### BUSINESS SEGMENT

#### BUSINESS MEASUREMENTS

**Research** Total contract value represents the value attributable to all of our subscription-related contracts. It is calculated as the annualized value of all contracts in effect at a specific point in time, without regard to the duration of the contract. Total contract value primarily includes Research deliverables for which revenue is recognized on a ratable basis, as well as other deliverables (primarily Conferences tickets) for which revenue is recognized when the deliverable is utilized. Our total contract value consists of Global Technology Sales contract value, which includes sales to users and providers of technology, and Global Business Sales contract value, which includes sales to all other functional leaders.

Client retention rate represents a measure of client satisfaction and renewed business relationships at a specific point in time. Client retention is calculated on a percentage basis by dividing our current clients, who were also clients a year ago, by all clients from a year ago. Client retention is calculated at an enterprise level, which represents a single company or customer.

Wallet retention rate represents a measure of the amount of contract value we have retained with clients over a twelve-month period. Wallet retention is calculated on a percentage basis by dividing the contract value of clients, who were clients one year ago, by the total contract value from a year ago, excluding the impact of foreign currency exchange. When wallet retention exceeds client retention, it is an indication of retention of higher-spending clients, or increased spending by retained clients, or both. Wallet retention is calculated at an enterprise level, which represents a single company or customer.

**Conferences** Number of destination conferences represents the total number of hosted destination conferences completed during the period. Single day, local meetings are excluded.

Number of destination conferences attendees represents the total number of people who attend destination conferences. Single day, local meetings are excluded.

**Consulting** Consulting backlog represents future revenue to be derived from in-process consulting and measurement engagements.

Utilization rate represents a measure of productivity of our consultants. Utilization rates are calculated for billable headcount on a percentage basis by dividing total hours billed by total hours available to bill.

Billing rate represents earned billable revenue divided by total billable hours.

Average annualized revenue per billable headcount represents a measure of the revenue generating ability of an average billable consultant and is calculated periodically by multiplying the average billing rate per hour times the utilization percentage times the billable hours available for one year.

## EXECUTIVE SUMMARY OF OPERATIONS AND FINANCIAL POSITION

We have executed a consistent growth strategy since 2005 to drive revenue and earnings growth. The fundamentals of our strategy include a focus on creating extraordinary research insight, delivering innovative and highly differentiated product offerings, building a strong sales capability, providing world class client service with a focus on client engagement and retention, and continuously improving our operational effectiveness.

We continue to focus on maximizing shareholder value. During 2018, we repurchased 2.1 million shares of our outstanding common stock, reduced the Company's outstanding debt by \$1.0 billion, and divested all three of the non-core businesses that comprised the Company's Other segment, each of which were acquired as part of the acquisition of CEB Inc. ("CEB") in 2017.

We had total revenues of \$4.0 billion in 2018, an increase of 20% compared to 2017 on a reported basis and 19% excluding the foreign currency impact. Net income increased to \$122.5 million in 2018 from \$3.3 million in 2017 and, as a result, diluted earnings per share was \$1.33 in 2018 compared to \$0.04 in 2017.

Research revenues increased to \$3.1 billion during 2018, or 26% compared to 2017 on a reported basis and 25% excluding the foreign currency impact. The Research gross contribution margin improved by two points in 2018, to 69%. Total contract value was \$3.2 billion at December 31, 2018, an increase of 11% compared to December 31, 2017 on a foreign currency neutral basis.

Conferences revenues increased to \$410.5 million in 2018, or 21% compared to 2017 on a reported basis and 22% excluding the foreign currency impact. The Conferences gross contribution margin was 50% and 48% in 2018 and 2017, respectively. We held 70 and 69 destination conferences in 2018 and 2017, respectively.

Consulting revenues increased to \$353.7 million in 2018, or 8% compared to 2017 on a reported basis and 7% excluding the foreign currency impact. The Consulting gross contribution margin was 29% for both 2018 and 2017. Backlog was \$110.7 million at December 31, 2018.

Cash provided by operating activities was \$471.2 million and \$254.5 million during 2018 and 2017, respectively. As of December 31, 2018, we had \$156.4 million of cash and cash equivalents and \$1.0 billion of available borrowing capacity on our revolving credit facility.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our consolidated financial statements requires the application of appropriate accounting policies and the use of estimates. Our significant accounting policies are described in Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. Management considers the policies discussed below to be critical to an understanding of our financial statements because their application requires complex and subjective management judgments and estimates. Specific risks for these critical accounting policies are also described below.

The preparation of our consolidated financial statements requires us to make estimates and assumptions about future events. We develop our estimates using both current and historical experience, as well as other factors, including the general economic environment and actions we may take in the future. We adjust such estimates when facts and circumstances dictate. However, our estimates may involve significant uncertainties and judgments and cannot be determined with precision. In addition, these estimates are based on our best judgment at a point in time and, as such, they may ultimately differ materially from actual results. Ongoing changes in our estimates could be material and

would be reflected in the Company's consolidated financial statements in future periods.

Our critical accounting policies pertaining to the years presented in the consolidated financial statements included in this Annual Report on Form 10-K are described below.

Revenue recognition — On January 1, 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers" ("ASU No. 2014-09"). ASU No. 2014-09 and related amendments required changes in revenue recognition policies as well as enhanced disclosures. Among other things, ASU No. 2014-09 requires a five-step evaluative process that consists of:

- (1) Identifying the contract with the customer;
- (2) Identifying the performance obligations in the contract;
- (3) Determining the transaction price for the contract;



- (4) Allocating the transaction price to the performance obligations in the contract; and
- (5) Recognizing revenue when (or as) performance obligations are satisfied.

The Company adopted ASU No. 2014-09 on January 1, 2018 using the modified retrospective method of adoption. Under this method of adoption, the cumulative effect of applying the new standard is recorded at the date of initial application, with no restatement of the comparative prior periods presented. The adoption of ASU No. 2014-09 did not have a material impact on the Company's consolidated financial statements. However, the adoption of the new standard required reclassifications of certain amounts presented in the Company's consolidated balance sheet. Prior to January 1, 2018, the Company recognized revenue in accordance with then-existing generally accepted accounting principles in the United States of America and SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" ("prior GAAP"). Under both ASU No. 2014-09 and prior GAAP, revenue can only be recognized when all of the required criteria are met. Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements provides additional information regarding our adoption of ASU No. 2014-09 and its impact on the Company's consolidated financial statements and related disclosures.

Our revenue by significant source is accounted for as follows:

Research revenues are mainly derived from subscription contracts for research products. The related revenues are deferred and recognized ratably over the applicable contract term. Fees derived from assisting organizations in selecting the right business software for their needs are recognized when the leads are provided to vendors.

Conferences revenues are deferred and recognized upon the completion of the related conference or meeting.

Consulting revenues are principally generated from fixed fee and time and material engagements. Revenues from fixed fee contracts are recognized as we work to satisfy our performance obligations. Revenues from time and material engagements are recognized as work is delivered and/or services are provided. Revenues related to contract optimization contracts are contingent in nature and are only recognized upon satisfaction of all conditions related to their payment.

The majority of Research contracts are billable upon signing, absent special terms granted on a limited basis from time to time. Research contracts are generally non-cancelable and non-refundable, except for government contracts that may have cancellation or fiscal funding clauses. It is our policy to record the amount of a subscription contract that is billable as a fee receivable at the time the contract is signed with a corresponding amount as deferred revenue because the contract represents a legally enforceable claim.

Uncollectible fees receivable — At December 31, 2017, the Company maintained an allowance for losses that was comprised of a bad debt allowance and a revenue reserve. In connection with the adoption of ASU No. 2014-09 on January 1, 2018, management concluded that the revenue reserve was a refund liability rather than a contra-receivable due to the nature of the account activity. As a result, the Company reclassified the revenue reserve of \$6.2 million on January 1, 2018 from the allowance for losses to Accounts payable and accrued liabilities and will consistently present the revenue reserve in this manner in all future consolidated balance sheets. Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements provides additional information regarding our adoption of ASU No. 2014-09 and its impact on the Company's allowance for losses. Increases and decreases in the allowance for losses are charged to earnings, either to expense (i.e., the bad debt allowance) or revenues (i.e., the revenue reserve).

The determination of the bad debt allowance is based on historical loss experience, an assessment of current economic conditions, the aging of outstanding receivables, the financial health of specific clients and probable losses. This evaluation is inherently judgmental and requires estimates. The Company's bad debt allowance is periodically

re-evaluated and adjusted as more information about the ultimate collectability of fees receivable becomes available. Circumstances that could cause our bad debt allowance to increase include changes in our clients' liquidity and credit quality, other factors negatively impacting our clients' ability to pay their obligations as they come due, and the effectiveness of our collection efforts.

The following table presents our total fees receivable and the related allowance for losses (in thousands):

	December 31,	
	2018	2017
Total fees receivable (1)	\$1,262,818	\$1,189,543
Allowance for losses (2)	(7,700 )	(12,700 )
Fees receivable, net	\$1,255,118	\$1,176,843

Total fees receivable at December 31, 2017 included \$26.7 million of contract assets. As a result of the Company's (1) adoption of ASU No. 2014-09 on January 1, 2018, contract assets are now included in Prepaid expenses and other current assets on the Company's consolidated balance sheet at December 31, 2018.

The allowance for losses at December 31, 2017 included \$6.2 million that was attributable to the Company's (2) revenue reserve. As a result of the Company's adoption of ASU No. 2014-09 on January 1, 2018, the revenue reserve balance is now included in Accounts payable and accrued liabilities on the Company's consolidated balance sheet at December 31, 2018.

**Goodwill and other intangible assets** — When we acquire a business, we determine the fair value of the assets acquired and liabilities assumed on the date of acquisition, which may include a significant amount of intangible assets such as customer relationships, software and content, as well as resulting goodwill. When determining the fair values of the acquired intangible assets, we consider, among other factors, analyses of historical financial performance and an estimate of the future performance of the acquired business. The fair values of the acquired intangible assets are primarily calculated using an income approach that relies on discounted cash flows. This method starts with a forecast of the expected future net cash flows for the asset and then adjusts the forecast to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. We consider this approach to be the most appropriate valuation technique because the inherent value of an acquired intangible asset is its ability to generate future income. In a typical acquisition, we engage a third-party valuation expert to assist us with the fair value analyses for acquired intangible assets.

Determining the fair values of acquired intangible assets requires us to exercise significant judgment. We select reasonable estimates and assumptions based on evaluating a number of factors, including, but not limited to, marketplace participants, consumer awareness and brand history. Additionally, there are significant judgments inherent in discounted cash flows such as estimating the amount and timing of projected future cash flows, the selection of appropriate discount rates, hypothetical royalty rates and contributory asset capital charges. Specifically, the selected discount rates are intended to reflect the risk inherent in the projected future cash flows generated by the underlying acquired intangible assets.

Determining an acquired intangible asset's useful life also requires significant judgment and is based on evaluating a number of factors, including, but not limited to, the expected use of the asset, historical client retention rates, consumer awareness and trade name history, as well as any contractual provisions that could limit or extend an asset's useful life.

The Company evaluates recorded goodwill in accordance with FASB Accounting Standards Codification ("ASC") Topic 350, which requires goodwill to be assessed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. In addition, an impairment evaluation of our amortizable intangible assets may also be performed if events or circumstances indicate potential impairment. Among the factors that could trigger an impairment review are current operating results that do not align with our annual plan or historical performance; changes in our strategic plan or the use of our assets; restructuring charges or other changes in our business segments; competitive pressures and changes in the general economy or in the markets in which we operate; and a significant decline in our stock price and our market capitalization relative to our net book value.

FASB ASC Topic 350 requires an annual assessment of the recoverability of recorded goodwill, which can be either quantitative or qualitative in nature, or a combination of the two approaches. Both methods utilize estimates which, in turn, require judgments and assumptions regarding future trends and events. As a result, both the precision and reliability of the resulting estimates are subject to uncertainty. If our goodwill impairment evaluation determines that the fair value of a reporting unit is less than its related carrying amount, we may recognize an impairment charge. Among the factors that we consider in a qualitative assessment are general economic conditions and the competitive

environment; actual and projected reporting unit financial performance; forward-looking business measurements; and external market assessments. A quantitative analysis requires management to consider each of the factors relevant to a qualitative assessment, as well as the utilization of detailed financial projections, to include the rate of revenue growth, profitability and cash flows, as well as assumptions regarding discount rates, the Company's weighted average cost of capital and other data, in order to determine a fair value for our reporting units.

We conducted a quantitative assessment of the fair value of all of the Company's reporting units during the quarter ended September 30, 2018. Our assessment determined that the fair values of the Company's reporting units continue to exceed their respective carrying values and, as a result, no goodwill impairment was indicated. Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements provides additional information regarding goodwill and amortizable intangible assets.

Accounting for income taxes — The Company uses the asset and liability method of accounting for income taxes. We estimate our income taxes in each of the jurisdictions where we operate. This process involves estimating our current tax expense or benefit together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheets. When assessing the

realizability of deferred tax assets, we consider if it is more likely than not that some or all of the deferred tax assets will not be realized. In making this assessment, we consider the availability of loss carryforwards, projected reversals of deferred tax liabilities, projected future taxable income, and ongoing prudent and feasible tax planning strategies. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained based on the technical merits of the position.

Accounting for stock-based compensation — The Company accounts for stock-based compensation awards in accordance with FASB ASC Topics 505 and 718 and SEC Staff Accounting Bulletins No. 107 and No. 110. The Company recognizes stock-based compensation expense, which is based on the fair value of the award on the date of grant, over the related service period. Note 8 — Stock-Based Compensation in the Notes to Consolidated Financial Statements provides additional information regarding stock-based compensation. Determining the appropriate fair value model and calculating the fair value of stock-based compensation awards requires the use of certain subjective assumptions, including the expected life of a stock-based compensation award and the Company's common stock price volatility. In addition, determining the appropriate periodic stock-based compensation expense requires management to estimate the likelihood of the achievement of certain performance targets. The assumptions used in calculating the fair values of stock-based compensation awards and the related periodic expense represent management's best estimates, which involve inherent uncertainties and the application of judgment. As a result, if circumstances change and the Company deems it necessary in the future to modify the assumptions it made or to use different assumptions, or if the quantity and nature of the Company's stock-based compensation awards changes, then the amount of expense may need to be adjusted and future stock-based compensation expense could be materially different from what has been recorded in the current period.

Restructuring and other accruals — We may record accruals for severance costs, costs associated with excess facilities that we have leased, contract terminations, asset impairments and other costs as a result of ongoing actions we undertake to streamline our organization, reposition certain businesses and reduce costs. Estimates of costs to be incurred to complete these actions, such as future lease payments, sublease income, the fair value of assets, and severance and related benefits, are based on assumptions at the time the actions are initiated. These accruals may need to be adjusted to the extent that actual costs differ from such estimates. In addition, these actions may be revised due to changes in business conditions that we did not foresee at the time such plans were approved. We also record accruals during the year for our various employee cash incentive programs. Amounts accrued at the end of each reporting period are based on our estimates and may require adjustment as the ultimate amount paid for these incentives are sometimes not known with certainty until the end of our fiscal year.

Accounting for leases — The Company adopted FASB Accounting Standards Update No. 2016-02, "Leases," as amended ("ASU No. 2016-02"), on January 1, 2019. Prior thereto, the Company recognized lease expense in accordance with FASB ASC Topic 840, Leases. Note 1 — Business and Significant Accounting Policies in the Notes to Consolidated Financial Statements provides additional information regarding our leases and the adoption of the new leasing standard.

## RESULTS OF OPERATIONS

## Consolidated Results

## 2018 VERSUS 2017

The table below presents an analysis of selected line items and year-over-year changes in our Consolidated Statements of Operations for the years indicated (in thousands). The operating results of CEB are included beginning on April 5, 2017, the date of the acquisition.

	Year Ended December 31, 2018	Year Ended December 31, 2017	Effect on Net Income - Increase (Decrease)	Increase (Decrease) %
Total revenues	\$3,975,454	\$3,311,494	\$ 663,960	20 %
Costs and expenses:				
Cost of services and product development	1,468,800	1,320,198	(148,602 )	(11 )
Selling, general and administrative	1,884,141	1,599,004	(285,137 )	(18 )
Depreciation	68,592	63,897	(4,695 )	(7 )
Amortization of intangibles	187,009	176,274	(10,735 )	(6 )
Acquisition and integration charges	107,197			