

Shaping the Digital Future of Business

Imagine the Future

Automation

Innovation

Transformation

Collaboration



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Imagine the Future



A Video Message from the Chairman



Michael P. Connors
Chairman and Chief Executive Officer



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"In 2017, we leveraged the power of our expanded portfolio of services to deliver more value to our clients, more opportunities for our employees and a step-change in financial performance for our shareholders."



To My Fellow Shareholders:

At ISG, we define ourselves as a leading global technology research and advisory firm and are proud of the reputation we have earned as a high-quality, well-managed, client-first enterprise. These strengths helped us deliver a record-setting performance in 2017, a year when we leveraged the power of our expanded portfolio of services to deliver more value to our clients, more opportunities for our employees and a step-change in financial performance for our shareholders.

We began the year strongly. Just four weeks before the start of the year, we announced ISG was joining forces with Alsbridge to create an industry powerhouse in technology research, advisory and digital transformation services. Rather than beginning from a standing start, we were already in motion soon after the acquisition, on our way to one of the fastest business integrations ever.

Within the first 100 days, we were essentially operating as one firm, going to market as one ISG, and bringing our combined capabilities to bear to serve our clients.



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From a go-to-market perspective, our timing was fortuitous. ISG launched a new brand identity, website and mobile app during the first week of January, allowing the firm to bring Alsbridge quickly under our brand umbrella and take advantage of our expanded digital marketing capabilities.

Because of our fast start, we were able to realize more than \$7 million of synergy savings well ahead of our estimated timetable, and quickly put those savings to work by investing in new and expanded capabilities and improving our bottom line.

[Coming Together for our Clients](#)

In December 2016, we hailed the ISG-Alsbridge combination as “truly transformative,” a “pivotal step” in the history of ISG, and one that would enable us to “redefine the IT and business advisory space for the digital age.”

Now, more than a year later, I believe we are living up to the bright promise of our combination. With our expanded portfolio of services—including growing capabilities in Robotic Process Automation (RPA), Network Services and Software Solutions, along with digital upgrades to Sourcing Solutions and Managed Services—we are becoming the digital business partner of choice for our clients, the firm they turn to when looking to shape the digital future of their business.

The power of our combination and the value of our service offerings were demonstrated time and again in 2017. Working together as “One ISG,” we added new clients, welcomed back former clients and expanded our relationships with existing clients. That included being selected as a digital transformation partner to some of the biggest names served by our firm—from a major European automotive manufacturer, to a leading U.S. consumer packaged goods company, to an international fast-food giant, among many others.

Clients quickly embraced our RPA services to automate their critical support functions. From what was essentially an early-stage offering at the beginning of 2017, our RPA business has grown to more than \$15 million of revenue and nearly 100 clients.



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We also saw strong demand from our clients for other new or expanded capabilities, including Network, Software Advisory and Organizational Change Management (OCM) services. The latter is particularly valuable to our clients as they transition their organizations and prepare their people for sweeping digital transformation programs.

In all, we served nearly 700 clients in 2017. Significantly, we grew revenue from our top 60 clients by 25 percent—a healthy sign of account expansion—and added 176 brand-new clients in 2017.

2017 Financial Highlights

ISG reported record full-year 2017 revenues of \$269.6 million, up 25 percent, and adjusted EBITDA of \$33.5 million, up 69 percent. Growth was driven by strong demand for our digital solutions, which by year end doubled to more than 40 percent of our total revenue versus the prior year. Demand also was strong for our recurring revenue services. These more predictable, higher-margin revenue streams rose 22 percent for the year, resulting in a more profitable revenue mix that helped boost our EBITDA margins by 300 basis points in 2017.

Reported revenues were \$161.8 million in the Americas (up 39 percent from the same period in 2016), \$82.9 million in Europe (up 10 percent) and \$24.8 million in Asia Pacific, even with the prior year.

Our business generated strong cash flows in 2017, producing \$11.4 million of cash from operations for the year. In 2017, we invested \$3.2 million in capital expenditures and repurchased \$2.9 million of shares. We ended 2017 with \$28.4 million of cash after repaying \$8.5 million in debt.

"ISG is in a unique position to help shape the digital future of business for its clients."



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Shaping the Digital Future of Business

ISG is in a unique position to help shape the digital future of business for its clients—both buyers and sellers of technology services. Since our founding more than 10 years ago, we have continued to evolve to meet the changing needs of clients—transforming ourselves from a firm principally focused on sourcing advisory to one offering a full range of technology research, consulting, managed services and events aimed at helping clients digitally transform their operations for greater efficiency and faster growth.

In the age of digital business, every company, no matter how they started or where they are heading, is going to be a technology company. IT, now a digital enabler, is partnering with the broader business to decide how to employ technology to develop new products and services; which workloads to move to the cloud; which business functions need to be automated; where and how to deploy the Internet of Things; how to leverage data analytics and cognitive computing; how to integrate the work of humans and bots; and how to improve collaboration in an increasingly decentralized operating environment. Every enterprise is going to be run based on data, analytics, cognitive intelligence and enhancing customer experience through technology. That's going to require new levels of innovation, design thinking, automation and complete transformation of business models.

In addition to enterprise buyers, service providers that were not born digital are struggling to meet these changing dynamics. They have relied for a long time on a labor arbitrage model, providing human labor at lower cost. Now they must make investments in automation, cognitive computing and digital strategy while they struggle with margin pressure and mid-single-digit growth. And the largest of them face competition from a whole host of nimble, niche technology players, and from the likes of Google and Amazon that offer cloud computing capabilities that power IaaS and SaaS platforms.

ISG continues to invest in expanding its digital services, including cloud solutions, agile development, automation, data analytics and the Internet of Things. Our RPA business, as mentioned previously, is a strong source of growth, as clients rush to automate their back-office functions, even as they look to the future of cognitive computing and artificial intelligence.



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In January 2018 we announced a strategic RPA alliance with Grant Thornton one of the world's leading independent audit, tax and advisory firms. As Grant Thornton's exclusive RPA business partner in the U.S., we will be able to offer Grant Thornton's clients the full range of our RPA services.

And earlier this month, we formed a strategic partnership with Silicon Valley venture capitalist Plug and Play, the world's largest technology innovation accelerator platform, that will give ISG an opportunity to influence the digital future of business as a founding anchor partner of Plug and Play's newly launched Enterprise 2.0 program. This partnership allows us to use our strong industry voice to advocate for the commercial development of emerging disruptive technologies that will most benefit our clients and have the greatest impact on the digital enterprise of tomorrow. Going forward, ISG plans to engage with other Plug and Play digital platforms, including FinTech and InsurTech.

Collaboration and Innovation

Much of our success with account growth in 2017 was the result of our teamwork and collaboration across borders and client business units. With process and focus, our leaders continuously look to develop opportunities with our clients beyond their home markets, and beyond the pure domain of the CIO to better serve the interests of the broader enterprise.

Innovation, part of our cultural DNA, also plays a strong role in our organic growth. During 2017, we developed such digitally focused and enabled services as ISG FutureSource™ and ISG GovernX™.

ISG FutureSource™ is an entirely new approach to sourcing that enables our clients to achieve the best business outcomes amid the speed and complexity of the digital age. This next-generation sourcing solution allows clients to identify technology and service solutions more quickly; accelerate the process of provider selection, contracting and transition; and be more agile when it comes to service integration and management, addressing changing customer requirements and adopting emerging technologies.

While ISG FutureSource™ helps our clients establish and continuously adjust their technology and provider ecosystems, ISG GovernX™ helps them manage those relationships more effectively. This



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groundbreaking digital platform leverages the latest autonomic data processing, business intelligence, analytics and cognitive technology to deliver our full suite of ISG Managed Services including Digital Supplier Management, Contract Lifecycle Management, Third-Party Risk Management, and Program & Project Management.

We have also leveraged our innovative thinking to expand our ISG Research and ISG Events offerings. In 2017, we launched ISG Provider Lens™, a new high-value research product that assesses service provider capabilities and supports our ISG FutureSource™ solution. In our events business, we expanded the number of industry events we offer, including events focused on digital topics such as automation and the workplace of the future. Most recently, we conducted our first-ever Digital Innovation Tour, a weeklong trip to India that gave a select group of clients a first-hand view of new digital technologies—from artificial intelligence and blockchain to the Internet of Things and cybersecurity—being developed at some of the country's leading innovation centers.

We also continue to apply digital advances to our marketing efforts, including expanding the content and capabilities of our website to attract more visitors and convert them into new or growing client relationships. We also launched ISG Impact™, our first client-facing mobile app that will become a gateway for buyers and sellers to engage with our content and form virtual communities of interest.

Today's incredibly dynamic and digitally driven marketplace presents a world of opportunity for ISG.

[A World of Opportunity](#)

In December, **we were honored to ring the opening bell at Nasdaq**, to mark the tenth anniversary of our listing on the world's first completely electronic exchange. It was a fitting way to close out a very successful and gratifying year—one in which we demonstrated the power of our combination through the synergies we achieved and the overall results we delivered. More than that, it set the tone for the bright future that lies ahead of us.



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Our 2017 results, I believe, are only a glimpse of greater things to come. We have begun 2018 with momentum and a tremendous confidence in our ability to continuously evolve and expand our capabilities to meet the rapidly changing needs of our clients.

Today's incredibly dynamic and digitally driven marketplace presents a world of opportunity for ISG. As I look across the landscape, I believe ISG is positioned to be the high-value, must-engage technology research and advisory partner to enterprises, public sector organizations and technology and service providers. There isn't another firm out there that can truly compete with our unique combination of services and solutions, technology and industry expertise, market data and insights, and independence and objectivity to help clients imagine—and realize—their digital futures.

In closing, I want to thank our employees for the passion, dedication and enthusiasm they bring to serving our clients every day, and for everything they did in the past year to deliver an outstanding 2017 for ISG. I look forward to what we can accomplish—all 1,300 of us, forging ahead as one ISG—in 2018 and the years ahead.

I also want to thank our leadership team, our Board of Directors and our loyal clients for the tremendous success we enjoyed in 2017. And I want to thank you, our shareholders, for your continued confidence in and support of ISG. As we continue to shape the digital future of business, I know we can deliver the growth and success you've come to expect from us.

Sincerely,

Michael P. Connors
Chairman and Chief Executive Officer
March 16, 2018



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Performance

Revenue

EBITDA

Clients

Growth

Region

Mix

Digital

+25%

\$216.5

\$269.6



2016

2017



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Performance

Revenue

EBITDA

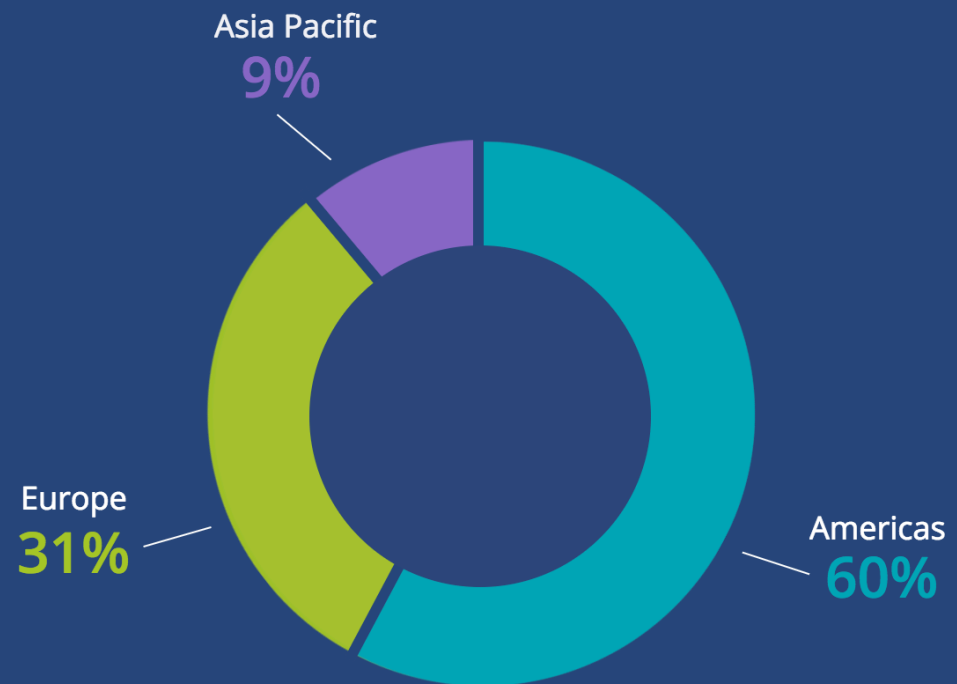
Clients

Growth

Region

Mix

Digital





Performance

Revenue

EBITDA

Clients

Growth

Region

Mix

Digital

73%
Advisory
Services



27%
Recurring
Revenues



Performance

Revenue

EBITDA

Clients

Growth

Region

Mix

Digital



40%
share of
revenues



Performance

Revenue

EBITDA

Clients

+69%

\$19.9

\$33.5

2016

2017





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Performance

Revenue

EBITDA

Clients



12 of the Top 14 Global Auto Manufacturers



31 of the Top 50 Global Major Banks
19 of the Top 25 Major Banks in the Americas
18 of Top 25 Banks in EMEA



23 of the Top 25 Global Pharmaceutical Companies
14 of the Top 15 US-based Healthcare Providers



16 of the Top 25 Insurance Companies Globally
17 of the Top 20 Insurance Companies in EMEA



21 of the Top 25 Software and Services Companies Globally



20 of the Top 30 Telecom Companies Globally



9 of the Top 10 Public Utilities in the US
11 of the Top 15 Oil/Gas Firms in the US/Canada
8 of the Top 10 Chemical Companies Globally



23 of the Top 25 CPG Firms Globally



About the Firm

ISG (Information Services Group) is a leading global technology research and advisory firm.

2017 ANNUAL REVENUES: \$269.6M

2017 ADJUSTED EBITDA: \$33.5M

EXCHANGE/TICKER: Nasdaq/III

INDEX MEMBERSHIP: Russell 2000® Index

HEADQUARTERS: Stamford, Connecticut

YEAR FOUNDED: 2006

Clients

People and Reach

Client Solutions

Clients

ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth.



Clients

**A TRUSTED
BUSINESS
PARTNER**



Global Enterprises



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[Client Solutions](#)

People and Reach

The global team at ISG is known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities.





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Client Solutions

ISG draws on the right combination of its services, domain expertise and industry insights to develop the best solutions for its clients.

CORE SERVICES

Research & Events

Data & Analytics

Strategy & Operations

Transaction Services

Managed Services



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Clients

People and Reach

Client Solutions

CORE SERVICES

Research & Events

Data & Analytics

Strategy & Operations

Transaction Services

Managed Services

EXPERTISE

DIGITAL

TECHNOLOGY

BUSINESS

ENGINEERING

PROVIDERS

INDUSTRIES



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Clients

People and Reach

Client Solutions

CORE SERVICES

Research & Events

Data & Analytics

Strategy & Operations

Transaction Services

Managed Services

DIGITAL

Big Data Cloud
Cognitive
Automation
Robotics

TECHNOLOGY

Application Development
Application Maintenance
End User Computing
Infrastructure
Networks

BUSINESS

Contact Center
Finance & Accounting
Human Resources
Facilities
Procurement

ENGINEERING

High Tech
Automotive
Consumer Products
Telecoms
Oil & Gas

PROVIDERS

Market Intelligence
Client Retention
Pursuit Effectiveness
Health Checks

INDUSTRIES



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Clients

People and Reach

Client Solutions

CORE SERVICES

Research & Events

Data & Analytics

Strategy & Operations

Transaction Services

Managed Services

DIGITAL

TECHNOLOGY

BUSINESS

ENGINEERING

PROVIDERS

INDUSTRIES

Automotive
Aerospace & Defense
Banking
Business Services
Chemicals

Consumer Goods
Energy & Utilities
Financial Services
Government
Health Care

Media & Entertainment
Insurance
Life Sciences
Manufacturing
Metals & Mining

Private Equity & M&A
Public Sector & Education
Retail
Service Provider

Automotive
Aerospace & Defense
Banking
Business Services
Chemicals



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Executive Management



Michael P. Connors*

Chairman and Chief
Executive Officer



David E. Berger*

Executive Vice President
and Chief Financial Officer



Lois Coatney

Partner and Global Leader,
ISG Managed Services



Todd Dreger

Partner and Chief
Marketing & Strategy
Officer



Steven E. Hall

President, ISG EMEA, and
Partner, Digital Advisory
Services



Esteban Herrera

Partner and Global Leader,
ISG Research



Thomas S. Kucinski*

Executive Vice President
and Chief Human
Resources Officer



Todd D. Lavieri

Partner and President, ISG
Americas & Asia Pacific



Lyonel Rouïast

Partner and President, ISG
South Europe, Middle East
& Africa



Chip Wagner

Partner and President, ISG
Business and Emerging
Services

* Executive Officers



Board of Directors



Michael P. Connors ⁽⁴⁾

Chairman and Chief
Executive Officer



Neil G. Budnick ⁽¹⁾

Director



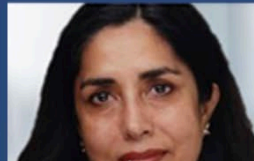
Gerald S. Hobbs ⁽²⁾

Lead Director



Christine C. Putur

Director



Kalpana Raina

Director



Donald C. Waite III ⁽³⁾

Director

(1) Audit Committee Chairman

(2) Compensation Committee Chairman and Lead Director

(3) Nominating and Corporate Governance Committee Chairman

(4) Executive Officer

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Global Headquarters*

Information Services Group, Inc.
2187 Atlantic Street
Stamford, CT 06902

*New address as of April 16, 2018

Transfer Agent

Continental Stock Transfer
& Trust Company
17 Battery Place
New York, NY 10004

Independent Public Accounting Firm

PricewaterhouseCoopers LLP
300 Atlantic Street
Stamford, CT 06901

Form 10-K Availability

Requests for copies of the company's Annual Report on Form 10-K, filed on March 16, 2018, are available to stockholders free of charge upon written request to the attention of Investor Relations, located at the company's global headquarters.

Annual Meeting

The Annual Meeting of Stockholders will be held at the company's global headquarters on April 26, 2018, at 10 a.m., Eastern Time.

Other Information

Information Services Group, Inc. (ISG) securities trade on Nasdaq under the symbol III. To learn more about ISG, visit www.isg-one.com.



Automation

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AUTOMATION

INNOVATION

COLLABORATION

TRANSFORMATION

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[It's a Whole New \(Sourcing\) World](#)



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[Collaborate to Innovate: The Future of Sourcing
Begins Now, Clay Calhoun](#)

[IoT and the Intelligent Workplace](#)

[Back to the Future](#)



Transformation

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[Creating a Culture for Enterprise Agility](#)

[Is Your Network Ready for your Digital Future](#)

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