

***ISG NEXT**

2020 ANNUAL REVIEW

The New Future

The New Future is right in front of us. For those bold enough to seize it, a world of opportunity awaits. From cloud computing, automation and workplace of the future to data analytics and networking, ISG knows how to prepare every organization for The New Future—to be more virtual, more connected, more efficient and more resilient than ever before.





Michael P. Connors
Chairman and Chief Executive Officer

A Message From The Chairman

“Thanks to our swift and decisive actions, and the collective contributions of our 1,300 professionals around the world, ISG bounced back from the initial economic shock of the pandemic and turned a challenging year into a successful one.”

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To My Fellow Shareholders:

2020 was a year like no other.

We began the year with a solid growth plan and strong momentum coming off a successful second half of 2019. Then the bottom fell out. I remember it well. I was on my way to the airport to visit a client when I learned my flight was cancelled. It was mid-March and the pandemic had just hit the U.S. with full force, after sweeping across Europe from Asia. I was grounded. And for a moment, it felt like ISG was grounded too.

How would the lockdowns impact our clients and their demand for digital? How would we deliver on our commitments to them? How could we grow in this environment? The words leadership, resilience and trust came to mind. It was time to draw on our reserves of each and navigate the firm into the unknown.

We immediately adjusted our business plan. We pivoted quickly to a work-from-home model, made tough but necessary decisions to lower our cost base to match anticipated client demand, and reset our financial expectations.

In parallel, we began the process of creating a business model that would allow us to meet the challenge of the pandemic head on—and emerge from it a stronger, more energized and vital firm for our clients.

Turning a Challenging Year into a Successful One

Thanks to our swift and decisive actions, and the collective contributions of our 1,300 professionals around the world, ISG bounced back from the initial economic shock of the pandemic and turned a challenging year into a successful one.

As with most businesses, the pandemic had an immediate negative impact on our revenues. But that impact was short-lived. After a difficult first half, ISG turned the corner, delivering quarter-over-quarter revenue and adjusted EBITDA growth in the second half. Client demand rose, as companies realized they needed to continue investing in digital to recover faster and emerge stronger from this crisis.

For the year, ISG generated \$249 million in revenue, with 50 percent derived from digital solutions. Recurring revenue from our subscription-based research and platform services and long-term public sector contracts reached \$82 million, up 10 percent, and now accounts for 33 percent of our total. Adjusted EBITDA for the year was \$28.3 million, with adjusted earnings per share coming in at \$0.28.

Our renewed revenue momentum, coupled with our disciplined operating approach, enabled ISG to generate a record \$44 million of cash in 2020. We used \$8 million to pay down debt, lowering our balance by 9 percent, and we ended the year with \$44 million of cash, 2.4 times the amount we had at the end of 2019.

In summary, we had a great finish to a challenging year.

Supporting our Clients

Faced with sudden business disruption at the outset of the pandemic, our clients immediately turned to the trusted ISG brand for the advice and support they needed to cope with the business impacts of COVID-19.

We responded quickly and authoritatively, offering pragmatic guidance through dozens of articles, research reports, podcasts, videos and webinars in the early days and weeks of the pandemic. Our expertise and insights kept flowing throughout the year via our ISG Events business, which pivoted from in-person to virtual events. Despite holding three fewer events in 2020 than in 2019, our combined attendance soared by more than 40 percent, underscoring the need for sound advice in a time of crisis.

The market's thirst to understand the impact of the pandemic also was demonstrated in the growing audience for our quarterly ISG Index™ briefings, which have been held, uninterrupted, now for more than 15 years. Our latest state-of-the industry briefing in January drew a record audience of more than 2,000 financial and industry analysts, clients, academics, journalists and other industry influencers.

Beyond our thought leadership, we turned our ideas into action by supporting critical client needs in such areas as cost takeout, transformation to the cloud, refreshed IT strategies, captive monetization and supply chain integrity—initiatives that were crucial to weathering the initial impacts of the pandemic.

Throughout the year, we saw many enterprises putting their large-scale digital transformation programs on hold due to the pandemic. Despite this, ISG found opportunity in helping clients with more agile and incremental approaches to digitization. This included support for digital workplace, cloud and network modernization initiatives—important for enabling remote work at scale and enhancing digital customer experience in the current environment.

In all, we served 722 unique clients in 2020, up 3 percent over the prior year. Of that total, more than 200 were brand-new clients to ISG, as organizations of all kinds sought our advice and support navigating the pandemic and advancing their digital futures.

The growth in our client base is all the more impressive because it was achieved in a work-from-home selling environment.

Go Digital and the ISG Platform

Our Go Digital investments over the last few years helped ISG pivot quickly to new ways of working, collaborating and engaging with clients. You might say we were “pandemic ready.”

Working with clients across computer screens instead of conference tables, we didn’t skip a beat, delivering the same high-quality advice and support our clients have come to expect from ISG. Indeed, our virtual delivery model was so successful that our client experience scores rose in each of the 13 dimensions we measure, from the quality of our deliverables and data assets, to our market knowledge and expertise.

Importantly, we did not allow the pandemic to impact our long-term vision for the firm. We continued to invest in the ISG Platform, our suite of subscription-based, on-demand software solutions. That included expanding the capabilities of ISG GovernX®, to meet rising demand from clients looking to manage their supply chains and mitigate risk. During the year, we almost doubled the number of GovernX users and the number of contracts—valued at combined \$46 billion—managed on the platform.

We also leveraged the capabilities of ISG ProBenchmark®, as clients sought market pricing data to renegotiate their technology contracts. And we continued to develop a new platform-based sourcing solution, code named “Jaguar,” that will revolutionize how we help clients evaluate their sourcing ecosystem, select providers, negotiate contracts and transition to new partners. This solution will launch later this year.

The Art of the Possible

As it has for many of our clients, the pandemic has opened our eyes to the art of the possible and allowed us to think differently about our business. The result is ISG NEXT, an entirely new operating model for ISG.

Under ISG NEXT, we are pivoting from services to solutions, building our capabilities around two major areas: ISG Digital, focused on developing technology, transformation, sourcing and digital solutions for clients, and ISG Enterprise, helping clients manage change and optimize operations in such areas as finance, HR and Procure2Pay. These solutions are supported by ISG Research, with its extensive market analyses and provider evaluations; our ISG Network and Software Advisory services, and our software platforms, including GovernX. We also are building more industry-specific capabilities, in such areas as banking, insurance and smart manufacturing.

Every client engagement now passes through our dedicated Solution Hub, to bring the best thinking, tools and capabilities to bear to solve every client challenge. A key part of ISG NEXT is our new ISG iFlex™ virtual delivery model, which enables us to rapidly deploy our global resources to support clients, regardless of geography or time zone.

To support our new delivery model, we created the ISG Workbench, an internal platform that reimagines how we collaborate and access the tools, information and IP we need to make our delivery more efficient and more valuable for our clients. Considering our current work-from-home model, the timing could not have been better.

We believe ISG NEXT will provide a step-change in financial performance for ISG, including expanding our EBITDA margins by 400 basis points over the next two years, compared with the full year of 2020.

ISG NEXT

ISG NEXT is more than the name of our new operating model, it is the very embodiment of the promise, potential and future of our firm. And I see a very bright future for ISG.

As I write this letter, new vaccines are coming to market and the pandemic shows early signs of receding. This is the first indication that life will begin to return to normal in 2021 and release the pent-up demand for our advice, data, and support. If there is a silver lining to the pandemic, it is this: it is accelerating digital adoption and transformation.

Every company now sees, clearer than ever, the need for digital—**to get closer to their customers**, enhance customer experience and analyze customer data for new growth opportunities; **to digitize the workplace** to make work more efficient and collaborative, improve employee engagement and attract the best talent; **to become more agile** and flexible to address rapid-fire changes in the market, and **to make operations smarter and leaner**, streamline the entire supply chain and generally reduce the friction of business.

ISG is ideally positioned to be our clients' partner in digital transformation. Our full range of digital, network and research solutions, and subscription software platforms, are here to help clients see, plan for and realize what's NEXT.

In closing, I want to thank our employees for helping us weather this storm. Making extraordinary personal sacrifices, they responded with great energy, teamwork and can-do spirit to serve our clients when they needed us most. I also want to thank our leadership team, our Board of Directors and our loyal clients for ultimately making 2020 a successful year. I must admit, faced with that cancelled trip back in March, it was difficult to imagine how 2020 would turn out for ISG. In the end, I am very proud of the results we delivered.

And, finally, I want to thank you, our shareholders, for your continued support and confidence in our firm.

Looking back on this year of enormous challenge and sacrifice, I believe we have come out of this experience stronger and better. I am confident the best lies ahead for ISG and our clients as we imagine and realize The New Future together.

Sincerely,

A handwritten signature in black ink that reads "Michael P. Connors". The signature is written in a cursive, flowing style.

Michael P. Connors
Chairman and Chief Executive Officer
March 18, 2021




We Simplified ISG, Leading to ISG NEXT

With our new ISG NEXT operating model, we are pivoting from services to solutions to address our clients' most pressing business challenges in the two areas most important to them—their continuing digital transformation and getting the most from their digital investments.

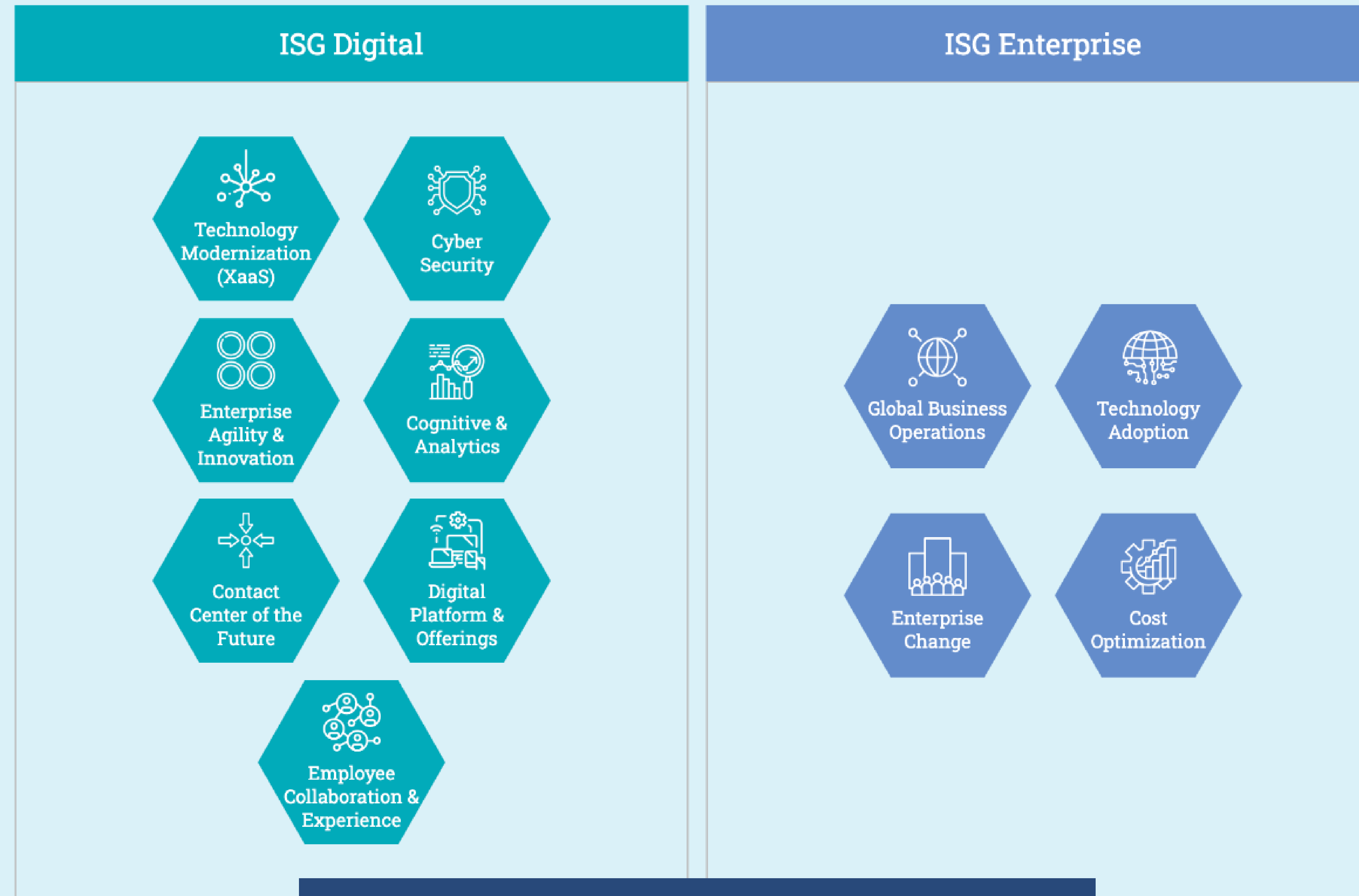
To meet these needs, we have formed two global client solution areas: ISG Digital, focused on developing technology, transformation, sourcing and digital solutions for the CIO, CTO and CDO community; and ISG Enterprise, focused on helping the COO, CFO and CPO community manage change and optimize operations in such areas as finance, HR and Procure2Pay.

Our core solutions are supported by ISG Research, with its extensive market analyses and provider evaluations; our ISG Network and Software Advisory services, and our software platforms, including ISG GovernX®. We also are building more industry-specific capabilities, in such areas as banking, insurance and smart manufacturing.

Every client engagement now passes through our dedicated Solution Hub, to bring the best thinking, tools and capabilities to bear to solve every client challenge. Our expert ISG advisors deliver these solutions through an integrated delivery model, called ISG iFlex™, that enables us to rapidly deploy our global resources to solve any client challenge, regardless of geography or time zone.



Two Global Client Solution Areas

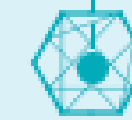


ISG iFlex™ Global Delivery Model



Our ISG iFlex™ integrated delivery model allows us to rapidly deploy our global resources to solve any client challenge, regardless of geography or time zone.

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Digitally Transformed Enterprise



In the end, we help our clients achieve operational excellence and faster growth.

— ISG NEXT Success Stories

Multi-Cloud Operations:

**ISG Lifts Elevator
Company to the Cloud**



Agile Ops:

**ISG Blends IT, Business
for CPG Company**



Digital Backbone:

**ISG Digs Deep with
Global Mining Company**





Multi-Cloud Operations:

ISG Lifts Elevator Company to the Cloud

After ISG helped a leading global manufacturer navigate a divestiture, one of the client's spinoff companies turned to ISG for help optimizing their new, standalone IT environment. The company, one of the world's largest global manufacturers of elevators and escalators, wanted their new technology environment to enable business agility, decrease time-to-market, support new services, and increase efficiency, scalability and flexibility. They recognized a multi-cloud, as-a-service IT delivery model would support their vision, but getting there would require revamping their entire partner ecosystem and renovating their legacy IT architectures and operating model.

Guided by the ISG NEXT solution and delivery model, ISG eliminated service line delivery silos by bringing its digital strategy, transformation, sourcing and transaction experts to the table to formulate the target IT environment and define the new IT operating model and associated partner ecosystem to operationalize and scale the desired capabilities.

By bringing the right team together at the beginning of the engagement—and keeping them together through the ongoing work—ISG delivered a smart hosting and cloud strategy that guides the entirety of the client's sourcing and transformation efforts. ISG's brand and credibility with the client, along with its revenue growth opportunities, have increased substantially, and the client has the foundation it needs to continue its digital transformation.

"ISG NEXT has created greater team cohesion and freed up senior resources to do important, client-facing work. Our focus on integrated delivery has resulted in a significant relationship with this client, with substantial opportunity for growth."

SHAFQAT AZIM
ISG PARTNER



Agile Ops:

ISG Blends IT, Business for CPG Company

When a large, international food and beverage company issued a tender for IT consulting services and transformation support over the winter holidays, with a deadline of less than a week, a multinational ISG team pulled colleagues back from vacation to develop a convincing proposal with three days to spare.

In a true spirit of collaboration, team members from the Netherlands, France and Germany, working late nights and weekends, leveraged the ISG NEXT model to devise a cross-border, cross-business strategy for a new application management layer between the business and IT. Their efforts paid off when the client awarded ISG the business.

The engagement calls for ISG to establish a business case baseline, commercially evaluate provider responses, advise the transaction, and support the subsequent transition to an agile operating model. Just as importantly, the global nature of the pursuit and the delivery team matches the global culture at the client, and the win bolsters trust across borders, sales and solutions teams.

Even ISG's comparatively higher bid didn't dissuade the client, which was convinced ISG fulfills all their requirements and will guarantee program success. Plans to launch additional applications in other markets offer opportunities for follow-up business.

"This win boosts our momentum with this client and moves us closer to meeting their ultimate business objectives. Before ISG NEXT, we would not have had the organizational structure in place to reach across regional and business lines for support. With ISG NEXT, the sky's the limit."

ANNA MEDKOURI
HEAD OF TECHNOLOGY MODERNIZATION, ISG EUROPE



Digital Backbone:

ISG Digs Deep with Global Mining Company

A global team of more than 50 ISG colleagues has been delivering success for one of the world's largest mining companies since 2016. With multiple engagements across a broad range of ISG capabilities, this growing client relationship underscores the strength of ISG's value proposition, and, in many ways, has served as an inspiration for the ISG NEXT model.

The recent implementation of a large service integration and management transformation program is the latest in a string of engagements that have covered strategy, research, sourcing, network and software advisory, benchmarking, organizational change management and target operating model delivery.

The breadth of expertise needed for these engagements required a true team effort from ISG colleagues worldwide—an integrated delivery approach that has now been formalized under ISG NEXT. In helping to formulate a high-level digital strategy, while building a trusted, multiyear relationship that has established this client as one of the most strategic in our portfolio, ISG is bringing a global point of view to how the emerging digital backbone should support the future workplace.

The result so far is expressed best by the client, who recently said 2020 was one of the best years yet for ISG service delivery and output, with team members providing true advisory support.

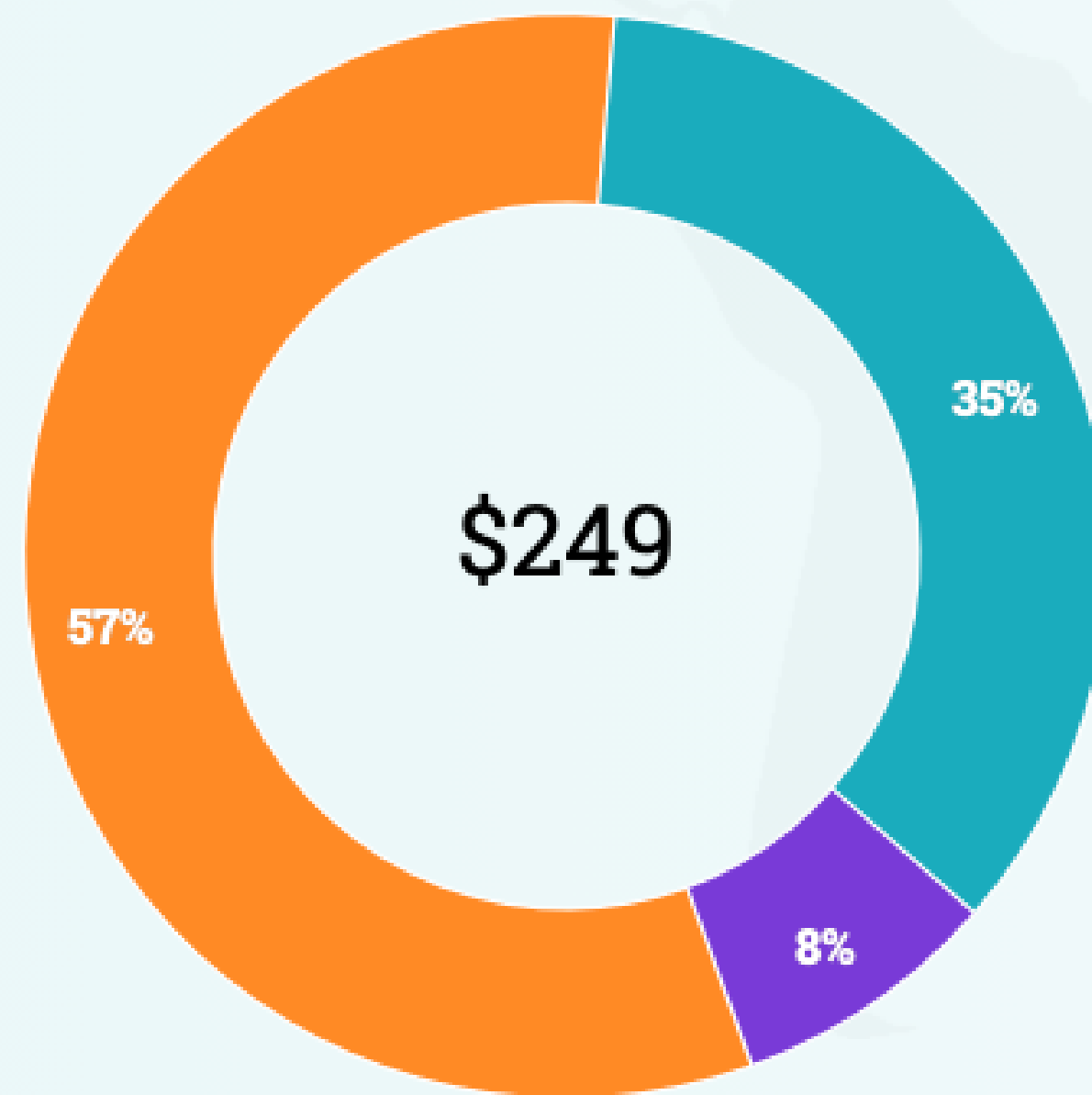
"Good work begets more good work. The willingness to do almost anything to help a client has always been part of the ISG culture; now it is a formal part of the ISG operating model."

MICHAEL WOODLEY
ISG PARTNER

2020 Performance

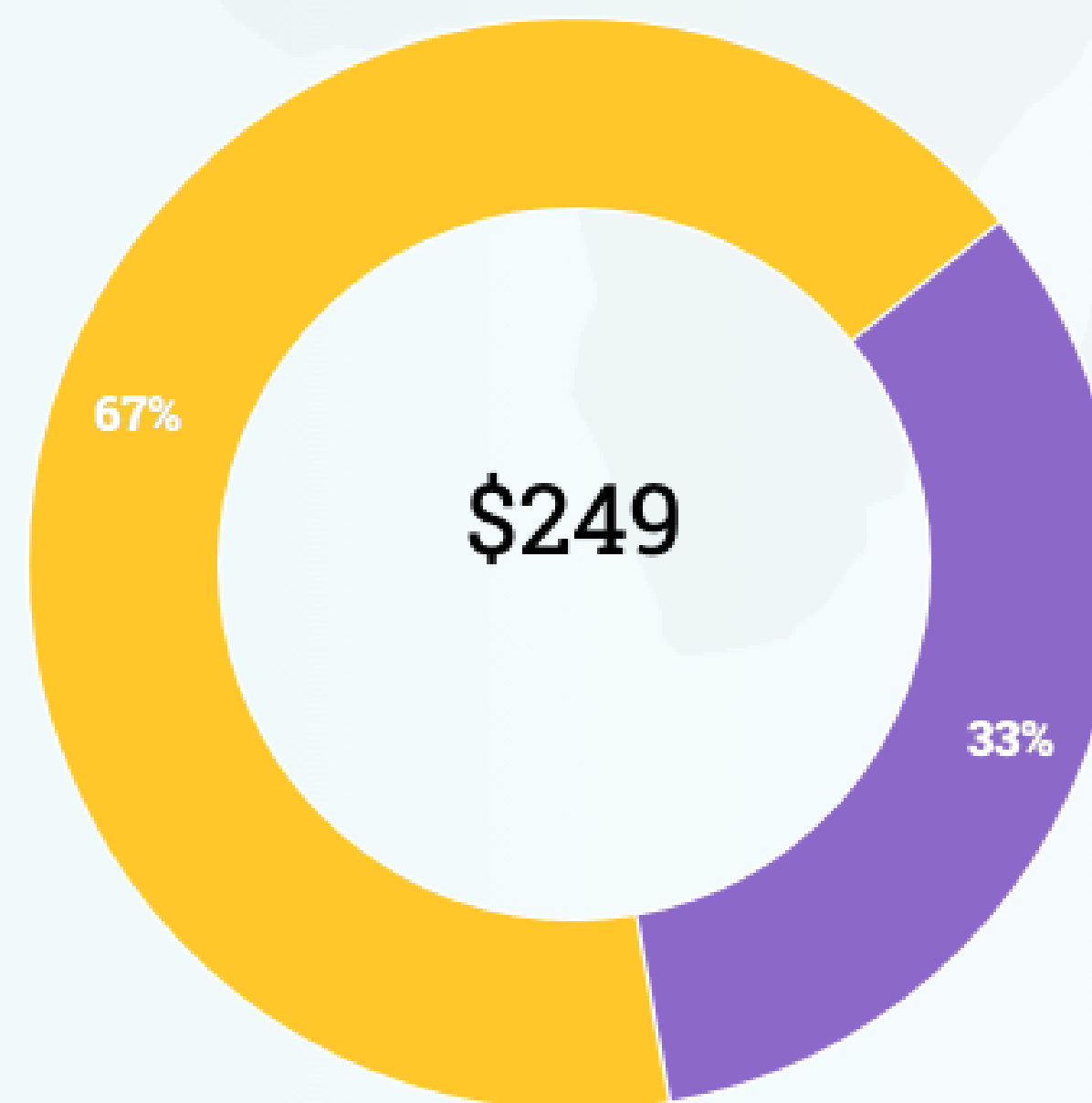
Revenue

Region



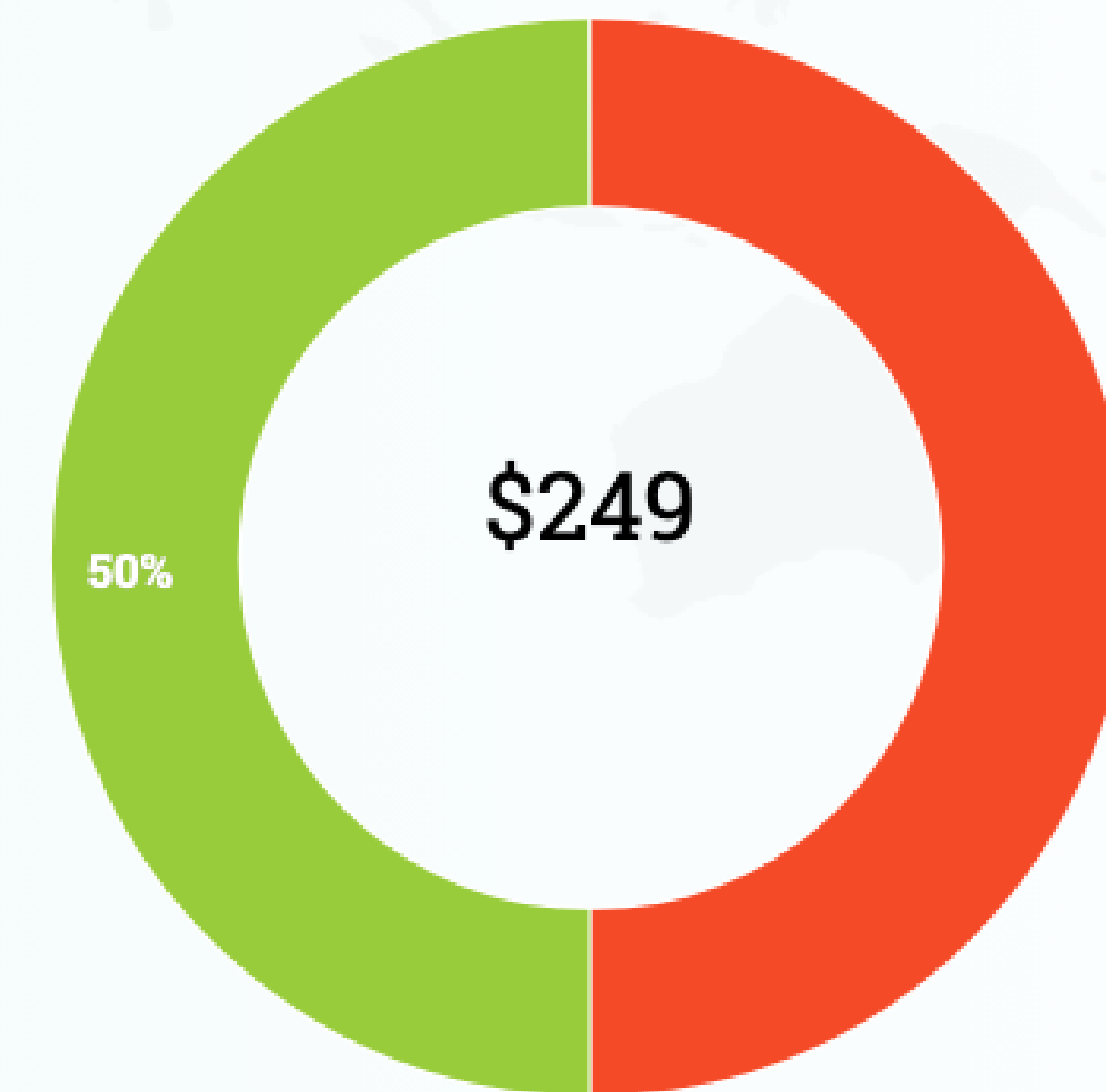
Americas
Europe
Asia Pacific

Mix



Advisory Services
Recurring Revenues

Digital



Digital Revenue Share

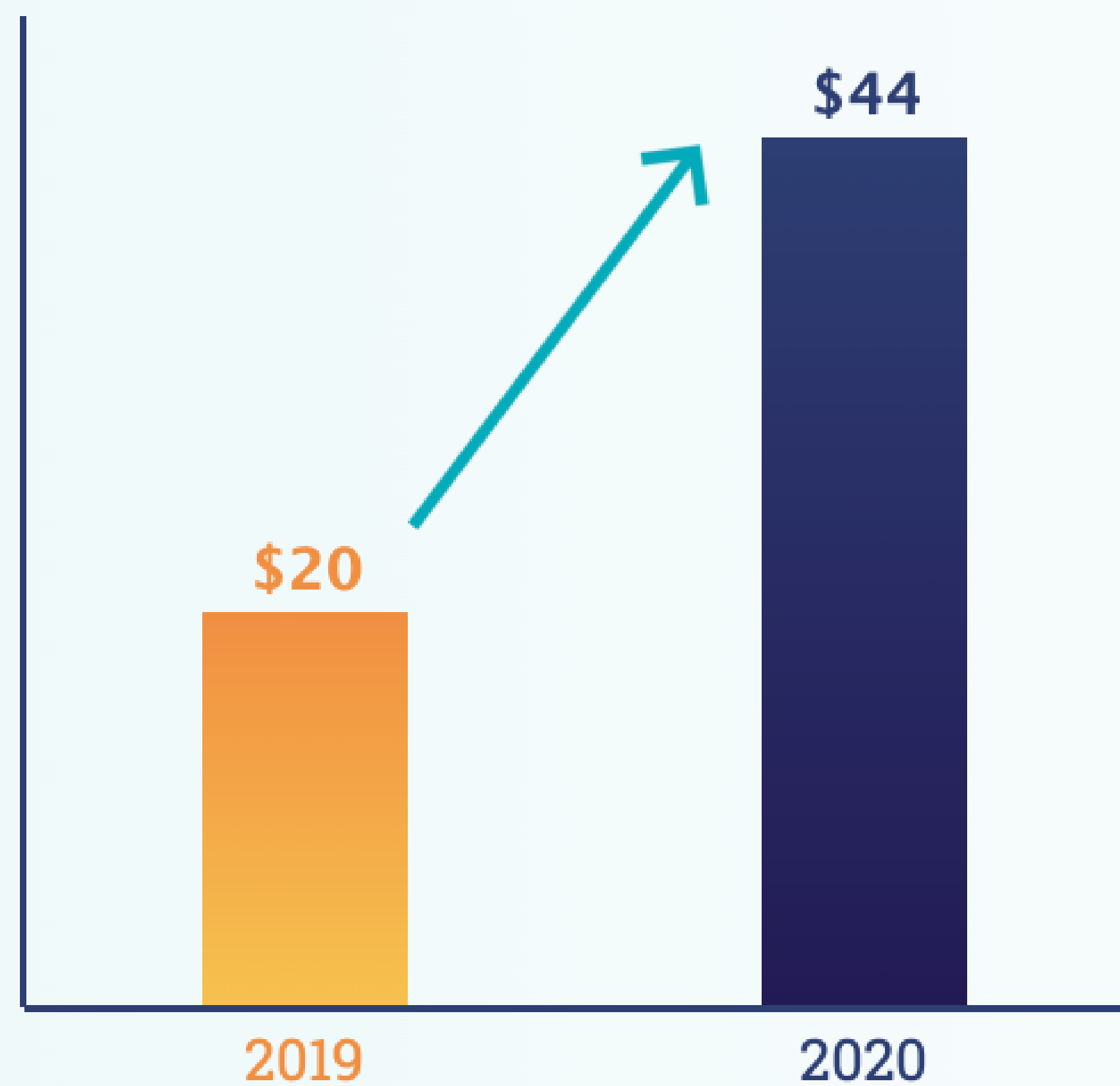
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Earnings

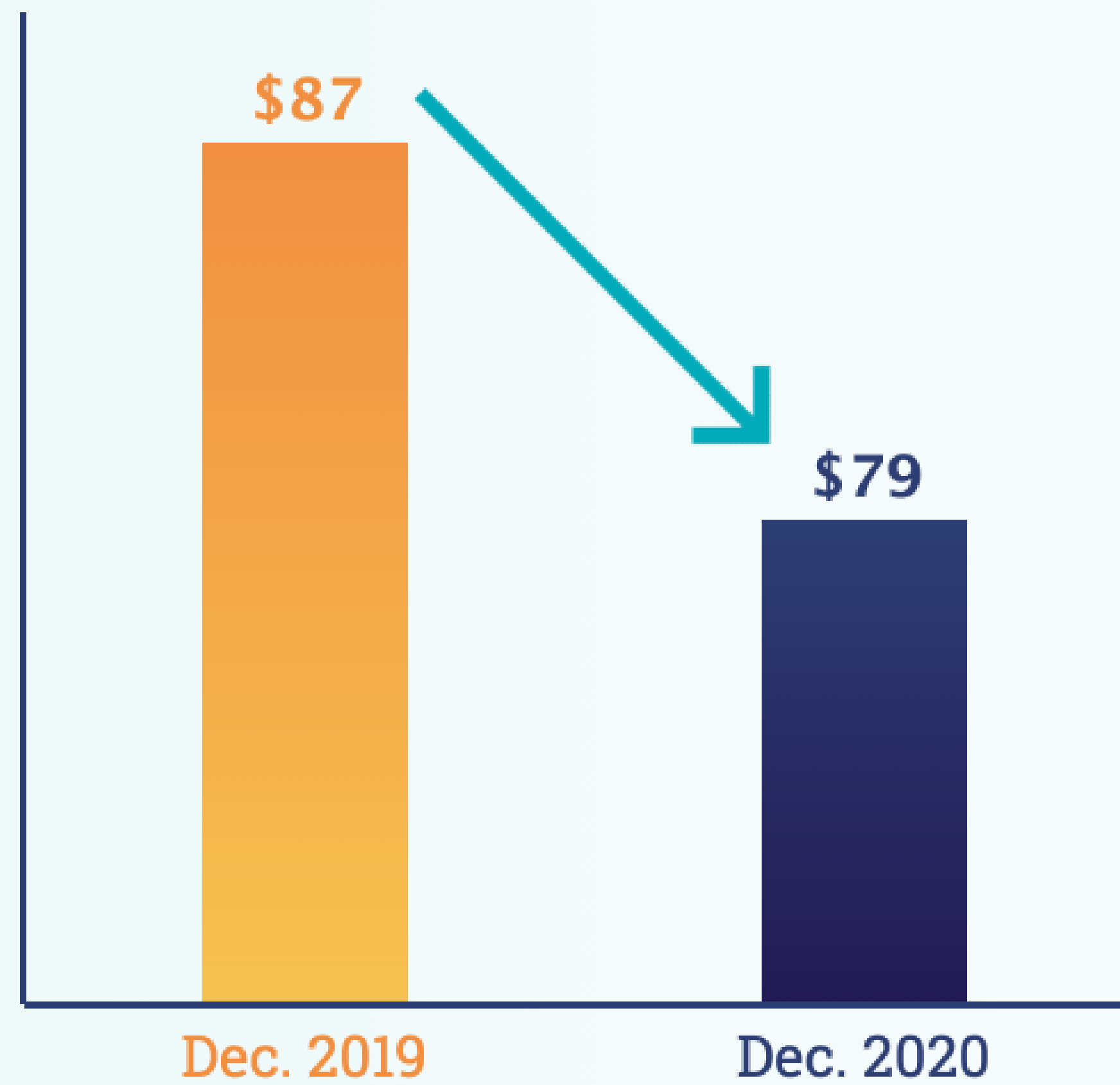
Adjusted EBITDA
\$28.3
Million

Operating Income
\$9.3
Million

Cash Flow From Operating Activities



Debt



About The Firm

ISG is a leading global technology research and advisory firm.



2020 ANNUAL REVENUES:
\$249M



INDEX MEMBERSHIP:
Russell 2000® Index



2020 ADJUSTED EBITDA:
\$28.3M



HEADQUARTERS:
Stamford, Connecticut



EXCHANGE/TICKER:
Nasdaq/III



YEAR FOUNDED:
2006

Clients

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

700+

Blue Chip Clients

75+of the World's
Top 100 Enterprises
Choose ISG

Clients by Industry



Insurance

15 OF THE TOP **25**

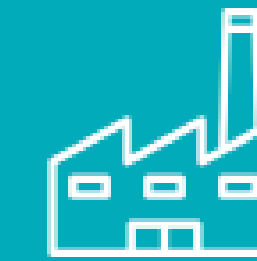
Global Insurers



Consumer Services

20 OF THE TOP **25**

Global CPG Companies



Manufacturing

14 OF THE TOP **20**

Global Manufacturers



Pharma/Life Sciences

20 OF THE TOP **24**

Health Sciences Companies



Media & Technology

18 OF THE TOP **30**

Global Telecom Companies



Energy & Utilities

9 OF THE TOP **10**

U.S. Public Utilities

Clients

People & Reach

People & 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.

1,300
Employees

Operating in
20+
Countries

Leadership

Board of Directors



Michael P. Connors*

Chairman and Chief Executive Officer



David E. Berger*

Executive Vice President and Chief
Financial Officer



Lois Coatney

Partner and President, ISG GovernX



Todd Dreger

Partner and President, Americas Sales



Leadership

Board of Directors



Paul Gottsegen

Partner and President, ISG Research
and Client Experience



Steven E. Hall

President, ISG EMEA, and Partner,
Digital Advisory Services



Thomas S. Kucinski*

Executive Vice President and Chief
Human Resources Officer



Todd D. Lavieri

Vice Chairman and President, ISG
Americas and Asia Pacific



Leadership

Board of Directors



Lyonel Rouast

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



Kathy Rudy

Partner and Chief Data and Analytics
Officer



Chip Wagner

Chief Executive Officer, ISG
Automation

Leadership

Board of Directors



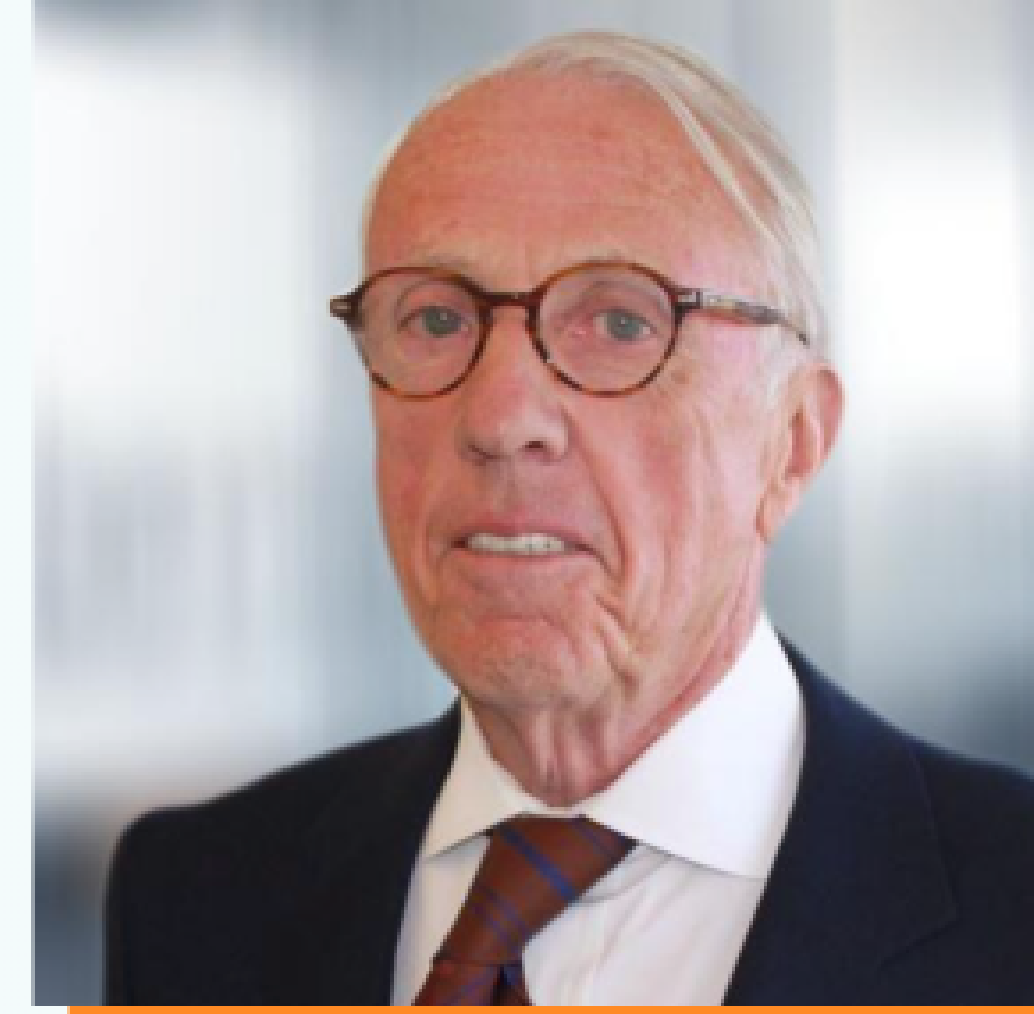
Michael P. Connors ⁽⁴⁾

Chairman and Chief Executive Officer



Neil G. Budnick ⁽¹⁾

Director



Gerald S. Hobbs ⁽²⁾

Lead Director



(1) Audit Committee Chairman

(2) Compensation Committee Chairman and Lead Director

(3) Nominating and Corporate Governance Committee Chairman

(4) Executive Officer

Leadership

Board of Directors



Bruce N. Pfau

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

Corporate Responsibility

ISG is a strong proponent of Corporate Social Responsibility (CSR). We endeavor at all times to operate our business in a responsible and ethical manner; recruit and retain superior talent; support diversity and inclusion among, and provide career opportunities to our people; be good corporate citizens and contribute to the communities in which we do business, and do all we can to protect the environment – directly in our own operations and by helping our clients and their suppliers become better environmental stewards.

ISG Cares

ISG has a rich tradition of grass-roots involvement in community service. Many of our employees have worked individually or together over the years to make an impact on communities and people's lives. Our ISG Cares program recognizes those efforts and strengthens our firm-wide commitment to corporate social responsibility by giving our employees paid time off to pursue volunteer or charitable activities of their choice.

[VIEW PHOTOS](#)



Women In Digital

The ISG "Women in Digital" program promotes diversity and inclusion in the global IT and digital services industry. It offers mentorship, educational and networking opportunities to female leaders who are engaged in digital transformation programs in their organizations, and recognizes their accomplishments through industry events and communications, including the ISG Paragon Awards.™ The program was founded on the belief that diversity enhances innovation, increases quality and stability, and enables enterprises to achieve their highest potential.



[VIEW PHOTOS](#)

ISG's Michael Fullwood put some muscle into raising awareness for issues of diversity and inclusion by swimming, biking and running in a socially distanced, relay-style team triathlon. The virtual race aimed to highlight and celebrate the diversity of athletes and share a passion for sport with people of all backgrounds.



Michael Fullwood: 2k Swim, 40k Bike, 10k Run

ISG employees from the firm's global headquarters in Stamford, Conn., participated in an in-person donation of cash and food to The Food Bank of Lower Fairfield County. In addition to presenting a sizeable corporate check, employees contributed nearly 400 pounds of food. The ISG Food for the Holidays program re-purposed funds originally earmarked for in-person holiday parties to food banks in six cities in the U.S.



ISG India employees raised funds to support the Little Sisters of the Poor Home for the Aged in Bangalore. Left to right are ISG's Siddharth Chaturvedi and Sri Rangachary, Sister Rose Augustine and Sister Josephine, and ISG's Divya Saraf and Chethan Kumar as Rangachary presents ISG's gift of a laptop and projector.



Julia Ellis (left) and Liz Rea of ISG U.K. present holiday gifts for patients at The Royal Surrey County Hospital in Guildford, provided through colleague and company-matched donations.



The ISG Women in Digital program is dedicated to connecting, educating, empowering and recognizing women as they make the most of their digital future. More than 700 people have joined the ISG Women in Digital LinkedIn Group, a community of women who are eager to support each other and help shape the industry for the next generation.



***ISG** Women in Digital

LinkedIn Group

ISG's Jeanne Cuff, right, interviews Maria Pardee, former general manager and SVP, IT operations, DXC Technologies, for the ISG "Digital Dish" podcast, which explores the latest news, issues and debates involving the role of women and women's voices and experiences in technology.



An ISG Women in Digital dinner in Chicago offered a networking opportunity for innovative women embarking on digital-related programs, with dialogue about automation initiatives, new market trends, success stories and lessons learned.



ISG's Barbara Florschuetz spoke on the topic of "Leadership Styles with a Female Touch" on a webinar hosted by Women in Mobility Hub Munich.

WOMEN IN MOBILITY

meet. network. change.



Corporate Information

Global Headquarters

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

Transfer Agent

Continental Stock Transfer & Trust Co.
One State Street Plaza, 30th Floor
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 12, 2021, 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 29, 2021, 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.

