UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

Or

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

For the transition period from to

Commission File Number 001-33287

Information Services Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-5261587**
(State of Incorporation)	(I.R.S. Employer Identification Number)

2187 Atlantic Street
Stamford, CT 06902
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(203) 517-3100**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Shares of Common Stock, $0.001 par value	III	The Nasdaq Stock Market LLC

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

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☒
			Emerging growth company ☐

If an emerging growth company, indicate by 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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report ☒

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

The aggregate market value of the voting common stock, par value $0.001 per share, held by non-affiliates of the registrant computed by reference to the closing sales price for the registrant's common stock on June 30, 2021, as reported on the Nasdaq Stock Market was approximately $237,063,785.

In determining the market value of the voting stock held by any non-affiliates, shares of common stock of the registrant beneficially owned by directors, officers and other holders of non-publicly traded shares of common stock of the registrant have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 2, 2022, the registrant had outstanding 48,345,451 shares of common stock, par value $0.001 per share.

Documents Incorporated by Reference

Document Description	10-K Part
Portions of the Proxy Statement for the 2021 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the end of the fiscal year ended December 31, 2021, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.	III (Items 10, 11, 12, 13, 14)

TABLE OF CONTENTS

SAFE HARBOR STATEMENT

Information Services Group ("ISG") believes that some of the information in this Annual Report on Form 10-K constitutes forward-looking statements. You can identify these statements by forward-looking words such as "may," "expect," "anticipate," "contemplate," "believe," "estimate," "intends" and "continue" or similar words, but this is not an exclusive way of identifying such statements. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other "forward-looking" information.

These forward-looking statements include, but are not limited to, statements relating to:

- ability to retain existing clients and contracts;
- ability to integrate recent acquisitions;
- ability to navigate challenges from COVID-19;
- ability to win new clients and engagements;
- ability to implement cost reductions and productivity improvements;
- beliefs about future trends in the sourcing industry;
- expected spending on sourcing services by clients;
- growth of our markets;
- foreign currency exchange rates;
- effective tax rate; and
- competition in the sourcing industry.

ISG believes it is important to communicate its expectations to its stockholders. However, there may be events in the future that ISG is not able to predict accurately or over which it has no control. The risk factors and cautionary language discussed in this Annual Report provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations in such forward-looking statements, including among other things:

- the amount of cash on hand;
- the abilities to achieve or maintain adequate utilization for our consultants;
- our business strategy;
- cost reductions and productivity improvements may not be fully realized or realized within the expected time frame;
- continued compliance with government regulations;
- legislation or regulatory environments, requirements or changes adversely affecting the business in which ISG is engaged;
- fluctuations in client demand;
- ability to grow the business and effectively manage growth and international operations while maintaining effective internal controls;
- ability to hire and retain enough qualified employees to support operations;
- increases in wages in locations in which ISG has operations;
- ability to retain senior management;
- fluctuations in exchange rates between the U.S. dollar and foreign currencies;
- ability to attract and retain clients and the ability to develop and maintain client relationships based on attractive terms;
- legislation in the United States or elsewhere that adversely affects the performance of sourcing services offshore;
- increased competition;
- telecommunications or technology disruptions or breaches;

- pandemics, such as coronavirus (COVID-19), or natural or other disasters;
- ability to protect ISG intellectual property and the intellectual property of others;
- the international nature of ISG's business;
- political or economic instability in countries where ISG has operations;
- worldwide political, economic and business conditions; and
- ability to source, successfully consummate or integrate strategic acquisitions.

All forward-looking statements included herein attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.

You should also review the risks and uncertainties we describe in the reports we will file from time to time with the SEC after the date of this Annual Report.

PART I

Item 1. Business

As used herein, unless the context otherwise requires, ISG, the registrant, is referred to in this Form 10-K annual report ("Form 10-K") as the "Company," "we," "us" and "our."

Our Company

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 800 clients, including more than 75 of the top 100 enterprises in our markets, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.

Our Company was founded in 2006 with the strategic vision to become a high growth, leading provider of information based advisory services. We continue to believe that our vision will be realized through the acquisition, integration, and successful operation of market leading brands within the data, analytics and advisory industry.

Our private and public sector clients continue to face significant technological, business and economic challenges that will continue to fuel demand for the professional services we provide. We are focused on providing unique solutions that solve for key client problems. In the private sector, for example, we believe that companies will continue to face significant challenges associated with globalization and technological innovation, including the need to decrease operating costs, increase efficiencies, compete against new market entrants and evaluate and adopt increasing numbers of emerging and transformational technologies such as cloud computing and automation. Similarly, public sector organizations at the national, regional and local levels increasingly must deal with the complex and converging issues of outdated technology systems, reduced budgets and an aging workforce. These technological challenges have only been intensified by the COVID-19 pandemic and the resulting remote or hybrid work environment and, therefore, present further opportunity for ISG to assist our private and public sector clients with digital transformation services.

Overall, we believe the global marketplace dynamics at work in both the private and public sectors support growing demand for the professional services, analytics, platforms, and advice ISG can provide. In this dynamic environment, the strength of our client relationships greatly depends on the quality of our advice and insight, our unique and valuable datasets, the independence of our thought leadership and the effectiveness of our people in assisting our clients to implement strategies that successfully address their most pressing operational challenges.

We are organized as a corporation under the laws of the State of Delaware. The current mailing address of the Company's principal executive office is: Information Services Group, Inc., 2187 Atlantic Street, Stamford, CT 06902. Our telephone number is (203) 517 3100.

Our Services

ISG specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. ISG supports both private and public sector organizations to transform and optimize their operational environments. During periods of expansion or contraction, our services have helped organizations large and small, public or private, across the globe address their most complex operational issues. The functional domain experience of our experts and deep empirical data resources help clients better understand their strategic options.

The firm's new operating model, ISG NEXT, launched in the third quarter of 2020, is aimed at extending our market leadership, enhancing growth opportunities, and driving significant value for all stakeholders. Under ISG NEXT, we are pivoting from services to solutions to address our clients' most pressing business challenges in 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 clients, and ISG Enterprise, focused on helping clients 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. Integrated solutions are then delivered through our new ISG iFlex™ global delivery model, which enables us to rapidly deploy our resources to support clients, regardless of geography or time zone.

Our Competitive Advantages

We believe that the following strengths differentiate us from our competition:

- *Independence and Objectivity*. We are not an information technology or business process outsourcing service provider. Rather, we are an independent, fact-based data, analytics and advisory firm with no material conflicting financial or other interests. This enables us to maintain a trusted advisor relationship with our clients through our unbiased focus and ability to align our interests with those of our clients.
- *Domain Expertise.* Averaging over 20 years of experience, our strategic consulting teams bring a wealth of industry and domain-specific knowledge and expertise to address our clients' most complex transformational needs.
- *Strong Brand Recognition.* ISG continues to gain marketplace awareness as a leading brand in our industry. ISG offers integrated solutions to our clients.
- *Proprietary Data Assets and Market Intelligence.* We have assembled a comprehensive and unique set of data, analytics and market intelligence built over more than thirty years of data collection and analysis, providing insight into the comparative cost and quality of a variety of operational alternatives.
- *Global Reach.* We possess practical experience in global business operations, and we understand the significance of interconnected economies and companies. Our resources in the Americas, Europe and Asia Pacific make us a truly global advisory firm able to consistently serve the strategic and implementation needs of our clients.

We believe the above strengths are central to our ability to successfully advise and support our clients to address any business challenge.

Our Strategy

We intend to use our competitive strengths to develop new services and products, sustain our growth and strengthen our existing market position by pursuing the following strategies:

- *Preserve and Expand Our Market Share Positions.* We expect the trend toward globalization and greater operating efficiency and technological innovation to play an increasing role in the growth in demand for our services. We plan to leverage our combined operating platform to serve the growing number of private- and public-sector organizations utilizing outside advisors when undertaking transformational projects. We are focused on growing our existing client base by offering integrated solutions that combine our multiple services and capabilities. In addition, we will seek to continue to expand our products and services and the geographic markets we serve opportunistically as global competition spurs demand for cost savings and value creation.
- *Strengthen Our Industry Expertise.* We have strengthened our market-facing organization to drive increased revenue around 22 global industries: Automotive, Aerospace & Defense, Banking, Chemicals, Consumer Goods, Energy & Utilities, Financial Services, Government, Health Care, Insurance, Life Sciences, Manufacturing, Media & Entertainment, Metals & Mining, Pharma/Biotech/Medical Devices, Private Equity & M&A, Public Sector & Education, Retail, Technology & Service Providers, Telecommunications, Transportation & Logistics, Travel & Hospitality.
- *Aggressively Expand Our Market Focus.* We are seeking to drive our service portfolio and relationships with clients further into Digital Advisory Services including Cloud Solutions, Automation, Business Advisory Services, Cybersecurity, Digital Engineering, Strategy, Data & Analytics, Transition and Organizational Change and Network Advisory. These are all areas in which we are investing additional focus to drive increased revenues and expanded relationships with clients.
- *Further Develop Digital Cloud Competency.* There is a nexus of distinct, yet complementary, technology trends that are creating a perfect storm of disruption for some companies. Among the most significant technology trends are the speed with which products get to market, large-scale digitization, the efficiency of the cloud and the immediacy with which new disruptors can become omnipresent. We continue to see clear opportunities in the execution of large-scale digital transformation – helping enterprises in executing their transformations by using their large technology platform and partner ecosystems. Increasingly, clients are taking a more agile approach, working incrementally on continuous transformation to meet rapidly changing technology and business conditions. Our offerings around cost management have never been more important as enterprises seek funds to invest into programs aimed at realizing their digital ambitions. We think the pandemic will accelerate client demand for, and investment in, the digital transformation services ISG provides.

ISG plans to expand resources and intellectual property ("IP") around digitization and the cloud. Digitization is the 'softwarization' of business. Processes that were once executed over analog channels (such as phone and 'real life') increasingly happen via software. Also, digitization has elevated the profile of software. Software no longer merely supports business processes but is central to enterprise strategy. Our purpose in the digital marketplace is to be a trusted advisor, guiding our clients through digital transformation toward practical innovation of their business models, leveraging strategic partners, emerging technology and thought leadership.

Our digital services now span a volume of offerings and have become embedded as part of even our traditional transaction services. Advancements continue to be made to 'digitize' further our traditional services. For example, we have continued the modernization of our traditional sourcing services toward digital with the launch of ISG FutureSource™ which has brought agility and nimbleness to the process of sourcing, RFPs and contracting. ISG FutureSource is a unique and comprehensive sourcing solution that helps enterprises and public sector organizations evaluate their business requirements, identify desired outcomes, fast-track the provider identification and selection process, collaborate with providers on developing the right solution, get to a signed contract and transition operations faster than ever before.

ISG also continues to expand the capabilities of its ISG GovernX vendor compliance and risk management platform. This proprietary ISG software platform continues to drive broader insights from additional market and performance data, while delivering increased value to our clients. ISG GovernX leverages cognitive technology to automate the management of third-party supplier relationships, including contract and project lifecycles and risk management. It provides a complete, customized view of the user's contract and supplier ecosystem to improve supplier performance, decrease spend and reduce third-party risk. Enterprises can leverage the platform to deliver up to 30 percent more value from their outsourcing spend. ISG GovernX users can easily manage new contracts and proactive renewals, make timely amendments and handle contract terminations—all on one platform. The platform delivers easy integration with other enterprise applications, such as ServiceNow, and is tightly connected to ISG Research offerings, such as benchmarks, assessments and total-cost-of-ownership evaluations. In times of crisis, ISG GovernX clients can mitigate supply chain risks and ensure business continuity by reviewing and validating their providers' business and IT continuity plans and procedures. In 2021, ISG GovernX was enhanced with real-time third-party risk management capabilities. The new capabilities, including integrated data feeds and real-time alerts, are increasingly important as provider ecosystems continue to grow more complex, introducing more risk to the enterprise, and threats against supply-chain integrity become more diverse. In addition to monitoring the operational performance and financial viability of their suppliers, ISG GovernX helps enterprises address a range of other internal and external risks, from data security and regulatory issues, to adverse environmental, health and geopolitical events, to social responsibility, diversity and inclusion considerations. In 2021, ISG introduced a dedicated advisory and risk management service to help enterprises ensure their businesses and supply chains are in compliance with modern slavery laws. ISG helps clients develop a modern slavery framework, review and update policies across the enterprise, conduct training, map their entire supply chain, and add modern slavery clauses to contract templates, while the ISG GovernX platform provides thorough, timely reporting through its automatic alert feature.

We have also launched ISG Inform™ 2.0, an enhanced version of our data-as-a-service solution that provides benchmarking capability to track digital transformation and application development maturity and performance against industry peers. ISG Inform 2.0 provides a quantified view of the health of the user's enterprise IT landscape through a series of easy-to-read visual dashboards that display key performance indicators for infrastructure, applications and digital capabilities, compared with industry peers. Data and insights are drawn from the ISG sourcing database.

Robotic Process and Cognitive Automation technology is fundamentally reshaping the way businesses work. Automation is increasingly enabling automated 24/7/365 execution of business processes at a fraction of the cost of human equivalents, as well as the dramatic improvements in process execution and cost models.

ISG Automation offers clients a full portfolio of services, including automation assessments and strategy, proof-of-concept deployments, implementation and integration of software bots, establishment of centers of excellence to scale automation, as well as training and managed services.

- *Expand Emerging Services*. The focus will be on creating repeatable methods used to drive growth of emerging services including ISG Automation, HR Technology & Transformations; Providers as a Business; ISG Platform; ISG Network Select™; ISG Hyperscaler Services; ISG Digital Engineering; ISG Cybersecurity, and ISG Training as a Service.

1. ISG Automation: ISG's capabilities and service offerings include implementation services for Robotic Process and Cognitive Automation Technology. ISG Automation guides clients through the hurdles of adoption, ensuring the optimal future state with best-fit technologies. ISG Automation tailors programs to specific business needs and helps build governance that works inside the culture of our clients. The Automation market size is expected to continue to grow significantly over the next few years. Automation is fundamentally reshaping the world of Information Technology Outsourcing ("ITO") and Business Process Outsourcing ("BPO"). Our solutions will work to optimize repetitive processes

using 'bots' instead of human labor. ISG Automation will continue to be marketed by industry (e.g., claims processing for insurance) and by back-office functions (e.g., accounting).

2. HR Technology & Transformations: Advances in technology are transforming the business of HR. From intuitive and mobile self-service software to predictive analytics and integrated talent management suites, technological solutions are changing the way leaders acquire, develop and engage their employees. New applications, enhanced functionality and competition among software providers make it difficult to stay on top of this ever-evolving space. ISG combines deep subject matter expertise, market data and financial frameworks along with sourcing of technology and service providers to help organizations develop and execute HR technology strategies that are right for them.
3. Providers as a Business ("PaaB"): Historically, ISG had targeted traditional service providers for these types of services, which included a combination of consulting and research solutions. These services include market intelligence, client retention programs, pursuit effectiveness, satisfaction benchmarking, go-to-market consulting and health checks.
4. ISG Platform: We see growth opportunities in tool-enabling the part of consulting that solves for standard problems. The digital solutioning of ISG will reach its next level as we develop the ISG Platform, an integrated set of software-driven solutions, data and research that will allow us to increase our subscription-based recurring revenues and penetrate new market segments. ISG Inform and ISG GovernX will be at the core of the ISG Platform, as will our new set of offerings that will continue to streamline and digitize the provider selection process. In early 2022, ISG launched ISG Executive Insights™, a market intelligence and data analytics platform that addresses the challenges of managing increasingly complex supplier ecosystems. The new data-analytics-as-a-solution offering is powered by ISG's market-leading data repository—the industry's most comprehensive, curated database of global IT, business process and engineering outsourcing contracts—paired with ISG's patented IT price benchmarking, market cost intelligence and other analytical tools. We continue to develop and invest in our ISG Platform, which will help us drive recurring revenues.
5. ISG Network Select: This offering helps streamline and simplify how enterprises build their network solutions. It enables ISG to better meet the growing demand for such leading-edge networking solutions as software-defined networking (SD-WAN, SD-LAN), SD security services, 5G mobility, unified communications as a service (UCaaS) and call center as a service (CCaaS) — all critical to enterprise digital transformation. Client demand for networks that are secure, interconnected, interoperable and profitable is rising, as are concerns over security, scale, cost and the complexity of the expanding Internet of Things ("IoT") landscape. ISG Network Select is designed to help clients find the best solutions, faster, to power their digital transformation initiatives. Clients get access to detailed and current data on their vendor and technology options, insights to help negotiate better pricing, and processes to accelerate next-generation networking solutions.
6. Growth Through Hyperscalers: Our cloud transformation capabilities have reached a level of maturity that allows us to explore new growth opportunities in this space. One such opportunity is serving as a channel partner for cloud hyperscalers, i.e., large public cloud providers such as Amazon Web Services (AWS), Microsoft Azure and Google Cloud Platform. ISG has hired a global executive in 2021 to drive this business, which will provide consulting services to hyperscaler customers. Total worldwide spending on cloud computing is expected to surpass $1.0 trillion in 2024, while likely to sustain a double-digit compound annual growth rate (CAGR) of nearly 16 percent. Enterprises have migrated approximately 25 percent of their applications to the cloud, with the remaining 75 percent covering large back-office functions that are complex and challenging to move to the cloud, especially in multicloud environments. ISG is developing a set of core offerings that will enable hyperscalers to accelerate time to value by shifting enterprise workloads more quickly to the cloud. For hyperscaler customers, ISG will serve as an independent third party that brings transparency to solution design costs, risks and dependencies of cloud deployments. ISG will offer expertise and data to source and orchestrate the cloud transformation design process, to provision the appropriate system integrator (SI) and managed service provider (MSP) ecosystems, and to structure and manage the cloud transformation office to drive innovation and achieve tactical and strategic goals.
7. Digital Engineering: ISG has an opportunity to develop and scale a Digital Engineering capability that meets the growing need of enterprises to integrate information technology, operational technology and engineering technology. ISG has hired a global leader to grow this business, building on our experience in Engineering Product Lifecycle Management and Digital Thread. Over the past five years, enterprise business models have been shifting from selling products as a one-time transaction to becoming more software-oriented to drive more features and functionality; shifting focus to aftermarket solutions to generate recurring revenues via services (servitization); and enhancing customer experience to increase customer acquisition and retention rates. As companies are reimagining their products and services, Digital Engineering is growing rapidly due to the increasing data and software content of products and processes. Our aim is to become an independent governance and end-to-end transformation partner including the sourcing of engineering system integrators

and engineering platforms like SIEMENS & Dassault throughout each client's digital engineering transformation journey, serving multiple industries with an initial focus on manufacturing.

8. Cybersecurity: In 2021, ISG doubled the size of its global cybersecurity business and sees significant growth opportunities ahead. Driven by a growing awareness of risks and threats, cybersecurity has become a strategic topic at the board level. The overall market for cybersecurity services and solutions is expected to grow by about $98 billion from 2021 to 2025, to reach $239 billion, with services accounting for roughly 60 percent of the total. The rise of niche providers, converging operating models and a significant focus on Operational Technology, Internet of Things (IoT) and Critical Infrastructure Protection (CIP) are providing growing opportunities for ISG in this space. We will continue to leverage our sourcing expertise and expand further into cybersecurity consulting and next-gen Cyber Security Management System (CSMS) platforms, positioning ourselves as the best agnostic cybersecurity advisory firm in the market.

9. Training as a Service (TaaS): In partnership with the training software-as-a-service (SaaS) firm Assima, ISG has launched a subscription-based, recurring revenue service that has lowered training development costs at a major client by approximately 75 percent. Building on this success, ISG plans to offer training as an ongoing, outsourced managed service for organizations with limited resources and growing demand for training content. These organizations are typically looking for longer-term training support to address the needs of an evolving workforce. ISG TaaS uses an agile approach with rapid content development tools to accelerate training content throughput. Services include training advisory, analysis, strategy, development, delivery support, and learning assessment.

- *Expand "Recurring Revenue Streams."* These include such annuity-based ISG offerings as ISG GovernX, Research, Software as a Subscription, ISG Inform and the multi-year Public Sector contracts. All are characterized by subscriptions (i.e., renewal centric as opposed to project centric revenue streams) or multi-year contracts. As companies begin to recognize the importance of managing the post-sourcing transaction period, managed services have emerged as a revenue driver for the firm, with our offerings delivered through multi-year managed services contracts. We believe that our experience with outsourcing transactions and software implementation initiatives make us uniquely equipped to provide research insights and direct support to help our clients manage their transformational projects or act as a third-party administrator. We will continue to pursue opportunities to leverage our experience to make research and managed services an even greater revenue generator for us. The U.S. public sector, particularly state governments, local municipalities, and higher education—presents a significant opportunity to ISG. Systems are typically outdated, maintenance is expensive, and the workforce charged with maintenance is aging. There is a need to refurbish systems to reduce the cost of operations (particularly because governments' tax revenues are under pressure). We are well-positioned as a third party, objective advisory group with no affiliation to the software providers. ISG will continue to invest in the digitization of these services, driving increased automation, greater profitability and even more value for our clients.
- *Consider Acquisition and Other Growth Opportunities.* The business services, information and advisory market is highly fragmented. We believe we are well-positioned to leverage our leading market positions and strong brand recognition to expand through acquisitions and other growth opportunities. Acquiring firms with complementary services and products allows us to further develop and broaden our service offerings and domain expertise. We will consider and may pursue opportunities to enter into joint ventures and to buy or combine with other businesses.

Our Proprietary Data Assets and Market Intelligence

One of our core assets is the information, data, analytics, methodologies and other intellectual property the Company possesses. This intellectual property underpins the independent nature of our operational assessments, strategy development, deal-structuring, negotiation and other consulting services we provide to our clients.

With each engagement we conduct, we enhance both the quantity and quality of the intellectual property we employ on behalf of our clients, thus providing a continuous, evolving and unique source of information, data and analytics.

This intellectual property is proprietary, and we rely on multiple legal and contractual provisions and devices to protect our intellectual property rights. We recognize the value of our intellectual property and vigorously defend it. As a result, the Company maintains strict policies and procedures regarding ownership, use and protection with all parties, including our employees.

Clients

We operate in over 20 countries and across numerous industries. Our private sector clients operate primarily in the manufacturing, banking and financial services, insurance, health sciences, energy & utilities and consumer services industries. Our private sector clients are primarily large businesses ranked in the *Forbes* Global 2000 companies annually. Our public sector clients are primarily state and local governments (cities and counties) and authorities (airport and transit) in the United States and national and provincial government units in the United Kingdom, Italy and Australia.

Competition

Competition in the sourcing, data, information and advisory market is primarily driven by independence and objectivity, expertise, possession of relevant benchmarking data, breadth of service capabilities, reputation and price. We compete with other sourcing advisors, research firms, strategy consultants and sourcing service providers. A significant number of independent sourcing and advisory firms offer similar services. In our view, however, these firms generally lack the benchmarking data, scale and diversity of expertise that we possess. In addition, most research firms do not possess the data repository of recent, comparable transactions and benchmarking data. Management consultants bring strategic service capabilities to the sourcing and advisory market. However, they generally lack the depth of experience that sourcing, data and advisory firms such as ISG possess. In addition, management consultants do not possess the sourcing and technology implementation expertise nor the benchmarking data capabilities that are critical to implementing and managing successful transformational projects for businesses and governments. Other service providers often lack the depth of experience, competitive benchmarking data and independence critical to playing the role of “trusted advisor” to clients.

Employees

As of December 31, 2021, we employed 1,335 people worldwide.

Our employee base includes executive management, service leads, partners, directors, advisors, analysts, technical specialists and functional support staff.

We recruit advisors from service providers and consulting firms with direct operational experience. These advisors leverage extensive practical expertise derived from experiences in corporate leadership, consulting, research, financial analysis, contract negotiations and operational service delivery.

All employees are required to execute confidentiality, conflict of interest and intellectual property agreements as a condition of employment. There are no collective bargaining agreements covering any of our employees.

Our voluntary advisor turnover rate has ranged between 11% and 16% over the last three years.

Human Capital Management

ISG strives to employ the brightest, most innovative people in the industry, so that we can provide world class solutions to our clients. Employees at ISG are anchored in our core values, which include trust, integrity, respect, diversity, passion, entrepreneurship, balance, and mentorship.

Our more than 1,300 employees, located in over 20 countries with almost one-third in the United States, perform a variety of different roles. We are participants in the competitive research and advisory industries. Attracting, developing, and retaining talented people in advisory, research and other positions is critical to executing on our strategy. Our ability to compete effectively depends upon a number of factors including learning opportunities, compensation/benefits, work environment and career opportunities. To make this happen, we have certain programs, training, policies and practices in place including the following:

Diversity/Inclusion

ISG believes a key to our success is our value of diverse backgrounds, experiences, and cultures. Our employees’ function within a collaborative community that welcomes varied ideas and styles. These diverse perspectives produce enhanced results for our clients and result in a preferred place to work.

We exhibit our commitment to diversity and inclusion through our hiring practices, opportunities for learning and advancement and the distribution of rewards. Through efforts, such as our Inclusion, Diversity, Equity and Awareness (IDEA) team and Women-In-Digital industry group, we are able to help in the identification and advancement of diverse talent. While we have made progress in our workforce diversity representation, we seek to continually improve in this area.

ISG WorkLife

We have also introduced ISG WorkLife which is a series of progressive, best practice, next-generation HR offerings designed to improve the quality of our work-life experience, while helping us achieve our firm-wide objectives. ISG believes this will help us attract and retain productive talent. Some of the key offerings here include:

- **ISG Cares**, our enhanced volunteering program which, among other things, provide employees paid time off to attend to charitable pursuits.

- **ISG Academy**, our global learning and development program.
- **ISG Aspire**, which is a global mentoring program.
- **ISG iRefer**, which allows the firm to attract talent through employee referrals, which earn referral bonuses.
- **ISG iTime**, which provides flexible paid time off arrangements for employees in certain countries.

We understand that employees have varied interests both in and outside of the workplace. These programs, and others under ISG WorkLife, provide employees with the opportunity to pursue these activities. These allow us to attract and retain productive employees and enhance diverse perspectives.

Corporate Social Responsibility

ISG has a history of various programs, policies and activities which would be considered in the category of corporate social responsibility. In 2020, the firm decided to consolidate these efforts and establish an employee governing body to focus on continued enhancement of these efforts. While the firm already has some robust practices in these areas, we will continue to improve on them and ensure our appropriate development. Our CSR programs include the IDEA (Inclusion, Diversity, Equity and Awareness) team, the Women In Digital industry program, the ISG Cares volunteering program, and the ISG Environmental team, which seeks to reduce our carbon footprint, reduce waste and pivot to green energy.

Learning

ISG's success depends on the knowledge and productivity of its employees. To that end, the firm invests a significant amount of time and money into providing development opportunities. Our ISG Academy is robust in offering learning in such topics specific to the employee's industry and functional areas, leadership and people management, certifications, software and technical skills among others. In 2021, most learning was virtual; our employees completed more than 16,800 courses, including viewing 162,000 video programs, and devoting a total of more than 31,000 hours to learning and development. While we hope to reinstate some in-person learning when safe in the near future, virtual learning is essential to our efforts.

COVID-19 Response

With the onset of the COVID-19 pandemic, ISG acted swiftly. We immediately articulated our principles which were:

1. Ensure all our ISG colleagues and their families are safe.
2. Serve our clients with minimal disruption and be available during these challenging times to assist, support and advise them.
3. Preserve the fundamental financial performance of the firm to support our payroll, investments, and stockholders.

We addressed the principles in that order, and we believe faster than many other companies. We began to bring employees back home from clients and settled in for what we thought would be a few weeks of disruption but ultimately lasted longer than anyone expected. We addressed the issues and remained resilient in ensuring employee safety, focused on client needs and preserved our firm's financial strength.

Available Information

Our Internet address is *www.isg-one.com*. The content on our website is available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Form 10-K or any other filings. We make available through our Internet website under the heading "Investor Relations," our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K after we electronically file any such materials with the Securities and Exchange Commission. Copies of our key corporate governance documents, including our Code of Ethics and Business Conduct for Directors, Officers and Employees, Corporate Governance Guidelines and charters for our Audit Committee, our Nominating and Corporate Governance Committee and our Compensation Committee are also on our website. Stockholders may request free copies of these documents including our Annual Report to Stockholders by writing to Information Services Group, Inc., 2187 Atlantic Street, Stamford CT 06902, Attention: Humberto P. Alfonso, or by calling (203) 517-3100.

Our annual and quarterly reports and other information statements are also available to the public through the SEC's website at *www.sec.gov*. In addition, the Notice of Annual Meeting of Stockholders, Proxy Statement and 2021 Annual Report to Stockholders are available free of charge at *www.proxyvote.com*.

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 address significant factors, events and uncertainties that make an investment in our securities risky. We urge you to consider carefully the factors described below and the risks that they present for our operations, as well as the risks addressed in other reports and materials that we file with the SEC and the other information, included or incorporated by reference in this Form 10-K. When the factors, events and contingencies described below or elsewhere in this Form 10-K materialize there could be 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. In addition to the effects of the COVID-19 pandemic and resulting global disruptions on our business and operations discussed in Item 7 of this Form 10-K and in the risk factors below, additional or unforeseen effects from the COVID-19 pandemic and the global economic climate may give rise to or amplify many of these risks discussed below.

Risks Related to the Coronavirus (COVID-19) Pandemic

The continuing impact of the COVID-19 pandemic is highly uncertain and cannot be predicted and may adversely impact our business, financial condition and results of operations.

The continuing global reach of COVID-19, including the emergence of new variants of the virus, has created significant worldwide operational volatility, uncertainty and disruption. The COVID-19 pandemic adversely impacted our business, financial condition and results of operations, particularly in the early months of the pandemic, and the extent of the continuing impact will depend on numerous evolving factors, which are highly uncertain, rapidly changing and unpredictable, including:

- the duration, severity and scope of the pandemic, including as new variants emerge and spread;
- governmental, business and individual actions that may be taken in response to the outbreak, including travel restrictions, quarantines, social distancing, work-at-home, and stay-at-home mandates and business shut-downs;
- the effectiveness and timing of COVID-19 vaccination campaigns, or any perceived limitations of or setbacks in these efforts;
- the impact of the pandemic on the financial markets and economic activity generally;
- the impact of the pandemic on labor costs and supply;
- the effect of the pandemic on our clients and other business partners, including the impact of supply-chain disruptions;
- our ability to access usual sources of liquidity on reasonable terms;
- our ability to achieve the full benefits of the restructuring actions we took in 2020 and other cost-saving initiatives;
- our ability during the pandemic to provide our services, including those related to the health and wellbeing of our employees; and
- the ability of our clients to pay for our services during and following the pandemic if significant disruptions develop or continue.

The COVID-19 pandemic has significantly increased financial and economic volatility and uncertainty. Resulting downturns in the economy have had, and we expect will continue to have, a negative impact on many of our clients. Some clients, particularly in the early months of the pandemic, responded to weak or volatile economic and financial conditions by reducing their IT budgets, thereby decreasing the market and demand for our services. In addition, many businesses adjusted, reduced or suspended operating activities, which negatively impacted certain of the markets or industries we serve. These patterns may recur in future periods, including as a result of pandemic developments such as the emergence of new virus variants that may be more transmissible, virulent or both. All of the foregoing has impacted, and will likely continue to impact, our business, financial condition, results of operations and forward-looking expectations.

Furthermore, modified processes, procedures and controls have been required to respond to the changes in our business environment as the majority of our employees have continued to work from home. The significant increase in remote working of our employees may exacerbate certain risks to our business, including the increased demand for information technology resources, increased risk of malicious technology-related events, such as cyberattacks and phishing attacks, and increased risk of improper dissemination of personal, proprietary or confidential information.

The potential effects of COVID-19 could also heighten the risks disclosed in many of our other risk factors that are included below, including as a result of, but not limited to, the factors listed above.

Risks Related to Outstanding Debt

We have a substantial amount of debt outstanding, which may limit our ability to fund general corporate requirements and obtain additional financing, limit our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic and industry conditions and changes in our debt rating.

On March 10, 2020, the Company amended and restated its senior secured credit facility to include a $86.0 million term facility and to increase the revolving commitments per the revolving facility (the “2020 Credit Agreement”) from $30.0 million to $54.0 million. As a result of the substantial fixed costs associated with the debt obligations, we expect that:

- a decrease in revenues will result in a disproportionately greater percentage decrease in earnings;
- we may not have sufficient liquidity to fund all of these fixed costs if our revenues decline or costs increase;
- we may have to use our working capital to fund these fixed costs instead of funding general corporate requirements, including capital expenditures;
- we may not have sufficient liquidity to respond to business opportunities, competitive developments and adverse economic conditions; and
- our results of operations will be adversely affected if interest rates increase because, based on our current outstanding borrowings in the amount of $74.5 million as of December 31, 2021, a 1% increase in interest rates would result in a pre-tax impact on earnings of approximately $0.7 million per year.

These debt obligations may also impair our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business. Our indebtedness under the senior secured revolving credit facility is secured by substantially all of our assets, leaving us with limited collateral for additional financing. Moreover, the terms of our indebtedness under the senior secured revolving credit facility restrict our ability to take certain actions, including the incurrence of additional indebtedness, mergers and acquisitions, investments and asset sales. Our ability to pay the fixed costs associated with our debt obligations will depend on our operating performance and cash flow, which in turn depend on general economic conditions and the advisory services market. A failure to pay interest or indebtedness when due could result in a variety of adverse consequences, including the acceleration of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations under or repay the accelerated indebtedness or otherwise cover our fixed costs. As of December 31, 2021, the total principal outstanding under the term loan facility and revolving credit facility was $74.5 million and $0.0 million, respectively.

Our failure to comply with the covenants in our credit agreement could materially and adversely affect our financial condition and liquidity.

Our credit agreement contains financial covenants requiring that we maintain, among other things, certain levels of debt coverage and fixed charges. Poor financial performance could cause us to be in default of these covenants. While we were in compliance with these covenants on December 31, 2021, there can be no assurance that we will remain in compliance in the future. If we fail to comply with the covenants in our credit agreement, this could result in our having to seek an amendment or waiver from our lenders to avoid the termination of their commitments and/or the acceleration of the maturity of outstanding amounts under the credit facility. The cost of our obtaining an amendment or waiver could be significant, and further, there can be no assurance that we would be able to obtain an amendment or waiver. If our lenders were unwilling to enter into an amendment or provide a waiver, all amounts outstanding under our credit facility would become immediately due and payable.

Risks Related to Acquisitions

We have risks associated with acquisitions or investments.

Since our inception, we have expanded through acquisitions. In the future, we plan to pursue additional acquisitions and investments as opportunities arise. We may not be able to successfully integrate businesses that we acquire in the future without substantial expense, delays or other operational or financial problems. We may not be able to identify, acquire or profitably manage additional businesses. If we pursue acquisition or investment opportunities, these potential risks could disrupt our ongoing business, result in the loss of key customers or personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial condition.

Difficulties in integrating businesses we have acquired, or may acquire in the future, may demand time and attention from our senior management.

Integrating businesses we have acquired, or may acquire in the future, may involve unanticipated delays, costs and/or other operational and financial problems. In integrating acquired businesses, we may not achieve expected economies of scale or profitability or realize sufficient revenue to justify our investment. If we encounter unexpected problems as we try to integrate an acquired firm into our business, our management may be required to expend time and attention to address the problems, which would divert their time and attention from other aspects of our business.

Strategic and Operation Risks

Our operating results have been, and may in the future be, adversely affected by worldwide economic conditions and credit tightening.

Our results of operations are affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets that they serve. A decline in the level of business activity of our clients, such as the impact of a pandemic, could have a material adverse effect on our revenue and profit margin. Future economic conditions could cause some clients to reduce or defer their expenditures for consulting services. We have implemented and will continue to implement cost-savings initiatives to manage our expenses as a percentage of revenue. However, current and future cost-management initiatives may not be sufficient to maintain our margins if the economic environment should weaken for a prolonged period.

The rate of growth in the broadly defined business information services & advisory sector and/or the use of technology in business may fall significantly below the levels that we currently anticipate.

Our business is dependent upon continued growth in sourcing activity, the use of technology in business by our clients and prospective clients and the continued trend towards sourcing of complex information technology and business process tasks by large and small organizations. If sourcing diminishes as a management and operational tool, the growth in the use of technology slows down or the cost of sourcing alternatives rises, our business could suffer. Companies that have already invested substantial resources in developing in-house information technology and business process functions may be particularly reluctant or slow to move to a sourcing solution that may make some of their existing personnel and infrastructure obsolete.

Our engagements may be terminated, delayed or reduced in scope by clients at any time.

Our clients may decide at any time to abandon, postpone and/or to reduce our involvement in an engagement. Our engagements can be terminated, or the scope of our responsibilities may be diminished, with limited advance notice. If an engagement is terminated, delayed or reduced unexpectedly, the professionals working on the engagement could be underutilized until we assign them to other projects. Accordingly, the termination or significant reduction in the scope of a single large engagement, or multiple smaller engagements, could harm our business results.

Our operating results may fluctuate significantly from period to period as a result of factors outside of our control.

Our revenues and operating results may vary significantly from accounting period to accounting period due to factors including:

- fluctuations in revenues earned on contracts;
- commencement, completion or termination of engagements during any particular period;
- additions and departures of key advisors;
- transitioning of advisors from completed projects to new engagements;
- seasonal trends;
- introduction of new services by us or our competitors;
- changes in fees, pricing policies or compensation arrangements by us or our competitors;
- strategic decisions by us, our clients or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- global economic and political conditions and related risks, including acts of terrorism, pandemics, such as COVID-19; and
- conditions in the travel industry that could prevent our advisors from traveling to client sites.

We depend on project-based advisory engagements, and our failure to secure new engagements could lead to a decrease in our revenues.

Advisory engagements typically are project-based. Our ability to attract advisory engagements is subject to numerous factors, including the following:

- delivering consistent, high-quality advisory services to our clients;

● tailoring our advisory services to the changing needs of our clients;

● matching the skills and competencies of our advisory staff to the skills required for the fulfillment of existing or potential advisory engagements; and

● maintaining a global business operation.

Any material decline in our ability to secure new advisory arrangements could have an adverse impact on our revenues and financial condition.

If we are unable to achieve or maintain adequate utilization for our consultants, our operating results could be adversely impacted.

Our profitability depends to a large extent on the utilization of our consultants. Utilization of our consultants is affected by a number of factors, including:

● additional hiring of consultants because there is generally a transition period for new consultants;

● the number and size of client engagements;

● the unpredictability of the completion and termination of engagements;

● our ability to transition our consultants efficiently from completed engagements to new engagements;

● unanticipated changes in the scope of client engagements or unexpected terminations of client engagements; and

● our ability to maintain an appropriate level of consultants by forecasting the demand for our services.

We could lose money on our fixed-fee or capped fee contracts.

As part of our strategy, from time to time, we enter into fixed fee contracts, in addition to contracts based on payment for time and materials with capped fees. Because of the complexity of many of our client engagements, accurately estimating the cost, scope and duration of a particular engagement can be a difficult task. If we fail to make accurate estimates, we could be forced to devote additional resources to these engagements for which we will not receive additional compensation. While losses on our fixed fee contracts are rare, to the extent that an expenditure of additional resources is required on an engagement, this could reduce the profitability of, or result in a loss on, the engagement.

Our contracts with contingent-based revenue may cause unusual variations in our operating results.

As part of our strategy, from time to time, we earn incremental revenues, in addition to hourly or fixed fee billings, which are contingent on the attainment of certain contractual milestones or objectives. Because it is uncertain when the milestones or objectives will be achieved, if ever, any such incremental revenues may cause unusual variations in quarterly revenues and operating results. Also, whether any contractual milestones or objectives are achieved may become subject to dispute.

We may not be able to maintain our existing services and products.

We operate in a rapidly evolving market, and our success depends upon our ability to deliver high quality advice 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 significant adverse effect on future business and operating results. Further, if our advice proves to be materially incorrect and the quality of service is diminished, our reputation may suffer and demand for our services and products may decline. In addition, we must continue to improve our methods for delivering our products and services in a cost-effective manner.

Expanding our service offerings may not be profitable.

We may choose from time to time to develop new service offerings because of market opportunities or client demands. Developing new service offerings involves inherent risks, including:

- a lack of market understanding;
- competition from more established market participants;
- our inability to estimate demand for the new service offerings; and
- unanticipated expenses to hire qualified consultants and to market our new service offerings.

If we cannot manage the risks associated with new service offerings effectively, we are unlikely to be successful in these efforts, which could harm our ability to sustain profitability.

We may not have the ability to develop and offer the new services and products that we need to remain competitive.

Our future success will depend in part on our ability to offer new services and products. To maintain our competitive position, we must continue to enhance and improve our services and products, develop or acquire new services and products in a timely manner, and appropriately position and price new services and products relative to the marketplace and our costs of producing them. These new services and products must successfully gain market acceptance by addressing specific industry and business sectors and by anticipating and identifying changes in client requirements. The process of researching, developing, launching and gaining client acceptance of a new service or product, or assimilating and marketing an acquired service or product is risky and costly. We may not be able to introduce new, or assimilate acquired, services and products successfully. Any failure to achieve successful client acceptance of new services and products could have an adverse effect on our business results.

We may fail to anticipate and respond to market trends.

Our success depends in part upon our ability to anticipate rapidly changing technologies and market trends and to adapt our advice, services and products to meet the changing sourcing advisory needs of our clients. Our clients regularly undergo frequent and often dramatic changes. That environment of rapid and continuous change presents significant challenges to our ability to provide our clients with current and timely analysis, strategies and advice on issues of importance to them. Meeting these challenges requires the commitment of substantial resources. Any failure to continue to respond to developments, technologies, and trends in a manner that meets market needs could have an adverse effect on our business results.

We may be unable to protect important intellectual property rights.

We rely on copyright and trademark laws, as well as nondisclosure and confidentiality arrangements, to protect our proprietary rights in our methods of performing our services, our data and our tools for analyzing financial and other information. There can be no assurance that the steps we have taken to protect our intellectual property rights will be adequate to deter misappropriation of our rights or that we will be able to detect unauthorized use and take timely and effective steps to enforce our rights. If substantial and material unauthorized uses of our proprietary methodologies, data and analytical tools were to occur, we may be required to engage in costly and time-consuming litigation to enforce our rights. There can be no assurance that we would prevail in such litigation. If others were able to use our intellectual property or were to independently develop our methodologies or analytical tools, our ability to compete effectively and to charge appropriate fees for our services may be adversely affected.

We face competition and our failure to compete successfully could materially adversely affect our results of operations and financial condition.

The business information services and advisory sector is highly competitive, fragmented and subject to rapid change. We face competition from many other providers ranging from large organizations to small firms and independent contractors that provide specialized services. Our competitors include any firm that provides sourcing or benchmarking advisory services, IT strategy or business process consulting, which may include a variety of consulting firms, service providers, niche advisors and, potentially, advisors currently or formerly employed by us. Some of our competitors have significantly more financial and marketing resources, larger professional staffs, closer client relationships, broader geographic presence or more widespread recognition than us.

In addition, limited barriers to entry exist in the markets in which we do business. As a result, additional new competitors may emerge, and existing competitors may start to provide additional or complementary services. 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 advice and analysis, timely delivery of information, client service or the ability to offer services and products to meet changing market needs for information, analysis or price.

We derive a significant portion of our revenues from our largest clients and could be materially and adversely affected if we lose one or more of our large clients.

Our 25 largest clients accounted for approximately 37% and 36% of revenue in 2021 and 2020, respectively. If one or more of our large clients terminate or significantly reduce their engagements or fail to remain a viable business, then our revenues could be materially and adversely affected. In addition, sizable receivable balances could be jeopardized if large clients fail to remain a going concern.

Risks Related to Management and Employees

The loss of key executives could adversely affect our business.

The success of our business is dependent upon the continued service of a relatively small group of key executives, including Mr. Connors, Chairman and Chief Executive Officer; Mr. Lavieri, Vice-Chairman and President – ISG Americas and Asia Pacific; Mr. Alfonso, Executive Vice President, Chief Financial Officer; and Mr. Kucinski, Executive Vice President and Chief Human Resources Officer, among others.

Although we currently intend to retain our existing management, we cannot assure that such individuals will remain with us for the immediate or foreseeable future. The unexpected loss of the services of one or more of these executives could adversely affect our business.

We rely heavily on key members of our management team.

We are dependent on our management team. We grant restricted stock units (“RSUs”) from time to time to key employees and, in connection with such grants, require recipients to execute a restrictive covenant agreement. Vested and unvested RSUs will be forfeited upon any violation of the restrictive covenant agreement. We may not be able to retain these managers and may not be able to enforce the restrictive covenants. If we were to lose a number of key members of our management team and were unable to replace these people quickly, we could have difficulty maintaining our growth and certain key relationships with large clients and face competition from these former managers if the restrictive covenants are unenforceable.

We depend upon our ability to attract, retain and train skilled advisors and other professionals.

Our business involves the delivery of advisory and consulting services. Therefore, our continued success depends in large part upon our ability to attract, develop, motivate, retain and train skilled advisors and other professionals who have advanced information technology and business processing domain expertise, financial analysis skills, project management experience and other similar abilities. These advisors could resign and join one of our competitors or provide sourcing advisory services to our clients through their own ventures.

We must also recruit staff globally to support our services and products. We face competition for the limited pool of these 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. Some of the personnel that we attempt to hire may be subject to non-compete agreements that could impede our short-term recruitment efforts. Any failure to retain key personnel or hire and train additional qualified personnel as required supporting the evolving needs of clients or growth in our business could adversely affect the quality of our products and services, and our future business and operating results.

We may have agreements with certain clients that limit the ability of particular advisors to work on some engagements for a period of time.

We provide services primarily in connection with significant or complex sourcing transactions and other matters that provide potential competitive advantage and/or involve sensitive client information. Our engagement by a client occasionally precludes us from staffing certain advisors on new engagements with other clients because the advisors have received confidential information from a client who is a competitor of the new client. Furthermore, it is possible that our engagement by a client could preclude us from accepting engagements with such client’s competitors because of confidentiality concerns.

Macroeconomic Risks

Our international operations expose us to a variety of risks that could negatively impact our future revenue and growth.

Approximately 42% and 43% of our revenues for 2021 and 2020, respectively, were derived from sales outside of the Americas. Our operating results are subject to the risks inherent in international business activities, including:

- tariffs and trade barriers;
- regulations related to customs and import/export matters;
- restrictions on entry visas required for our advisors to travel and provide services;

● tax issues, such as tax law changes and variations in tax laws as compared to the United States;

● cultural and language differences;

● an inadequate banking system;

● foreign exchange controls;

● restrictions on the repatriation of profits or payment of dividends;

● crime, strikes, riots, civil disturbances, pandemics, such as COVID-19, terrorist attacks and wars;

● nationalization or expropriation of property;

● law enforcement authorities and courts that are inexperienced in commercial matters; and

● deterioration of political relations with the United States.

Air travel, telecommunications and entry through international borders are all vital components of our business. If a pandemic, such as COVID-19, or terrorist attack were to occur, our business could be disproportionately impacted because of the disruption, including potential cancellation of ISG events.

Further, conducting business abroad subjects us to increased regulatory compliance and oversight. For example, in connection with our international operations, we are subject to laws prohibiting certain payments to governmental officials, such as the Foreign Corrupt Practices Act. A failure to comply with applicable regulations could result in regulatory enforcement actions as well as substantial civil and criminal penalties assessed against us and our employees.

We intend to continue to expand our global footprint in order to meet our clients' needs. This may involve expanding into countries beyond those in which we currently operate. We may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries, regulatory, personnel, technological and other difficulties may increase our expenses or delay our ability to start up operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business.

We operate in a number of international areas which exposes us to significant foreign currency exchange rate risk.

We have significant international revenue, which is predominantly collected in local currency. It is expected that our international revenues will continue to grow as European and Asian markets adopt sourcing solutions. The translation of our revenues into U.S. dollars, as well as our costs of operating internationally, may adversely affect our business, results of operations and financial condition.

Risks Related to Data, Cybersecurity and Confidential Information

Data protection laws and self-regulatory codes may restrict our activities and increase our costs.

Various statutes and rules regulate conduct in areas such as privacy and data protection which may affect our collection, use, storage and transfer of information both abroad and in the United States. Compliance with these laws and self-regulatory codes may require us to make certain investments or may dictate that we not offer certain types of services or only offer such services after making necessary modifications. Failure to comply with these laws and self-regulatory codes may result in, among other things, civil and criminal liability, negative publicity, restrictions on further use of data and/or liability under contractual warranties.

In addition, there is an increasing public concern regarding data and consumer protection issues, with the result that the number of jurisdictions with data protection laws continues to increase and the scope of existing privacy laws and the data considered to be covered by such laws is expanding. Changes in these laws (including newly released interpretations of these laws by courts and regulatory bodies) may limit our data access, use and disclosure, and may require increased expenditures by us or may dictate that we may not offer certain types of services.

The EU's General Data Protection Regulation ("GDPR") has extra-territorial scope and substantial fines for breaches (up to 4% of global annual revenue or €20 million, whichever is greater). Additionally, compliance with the GDPR is resulting in operational costs to implement new procedures corresponding to new legal rights granted under the law but has had little direct impact on ISG. ISG is continuing to monitor the development of the EU's ePrivacy Regulation proposal and industry response and will determine whether to take further action, as needed, following its final adoption.

We are exposed to risks related to cybersecurity

A significant portion of our business is conducted over the internet and we rely on the secure processing, storage and transmission of confidential, sensitive, proprietary and other types of information relating to our business operations and confidential and sensitive information about its clients and employees in our computer systems and networks, and in those of our third-party vendors. Individuals, groups, and state-sponsored organizations may take steps that pose threats to our operations, our computer systems, our employees, and our clients. The cybersecurity risks we face range from cyberattacks common to most industries, such as the development and deployment of 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, to more advanced threats that target us because of our prominence in the global research and advisory field. Ransomware risk has increased significantly in recent years and presents a significant risk of financial extortion and loss of data. As a result of the COVID-19 pandemic, most of our employees continue to work remotely or on a hybrid basis, which magnifies the importance of the integrity of our remote access security measures.

We also face risk from our third-party suppliers if they are affected by cyber security incident, which could result in their loss of service (which could be a significant component of our services to clients), exposure of ISG or client data, or as a potential backdoor into ISG systems and network.

We may be subject to claims for substantial damages by our clients arising out of disruptions to their businesses or inadequate service and our insurance coverage may be inadequate.

Most of our service contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services. Failure to consistently meet service requirements of a client or errors made by our employees in the course of delivering services to our clients could disrupt the client's business and result in a reduction in revenues or a claim for damages against us. Additionally, we could incur liability if a process we manage for a client were to result in internal control failures or impair our client's ability to comply with our own internal control requirements.

Under our service agreements with our clients, our liability for breach of our obligations is generally limited to actual damages suffered by the client and is typically capped at the greater of an agreed amount or the fees paid or payable to us under the relevant agreement. These limitations and caps on liability may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients or liability for breaches of confidentiality, are generally not limited under those agreements. Although we have general commercial liability insurance coverage, the coverage may not continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims. The successful assertion of one or more large claims against us that exceed available insurance coverage or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements) could have a material adverse effect on our business.

We could be liable to our clients for damages and subject to liability and our reputation could be damaged if our confidential information or client data is compromised.

We may be liable to our clients for damages caused by disclosure of confidential information. We are often required to collect and store sensitive or confidential client data in order to perform the services we provide under our contracts. Many of our contracts do not limit our potential liability for breaches of confidentiality. If any person, including any of our current or former employees, penetrates our network security or misappropriates sensitive data or if we do not adapt to changes in data protection legislation, we could be subject to significant liabilities to our clients or to our clients' customers for breaching contractual confidentiality provisions or privacy laws. Also, we could face cyber-based attacks and attempts by hackers and similar unauthorized users to gain access to or corrupt our information technology systems in order to gain access to confidential information and client data. Such attacks could disrupt our business operations, cause us to incur unanticipated losses or expenses, and result in unauthorized disclosures of confidential or proprietary information. Although we seek to prevent, detect and investigate these network security incidents, and have taken steps to mitigate the likelihood of network security breaches, there can be no assurance that attacks by unauthorized users will not be attempted in the future or that our security measures will be effective. Unauthorized disclosure of sensitive or confidential client data, whether through breach of our processes, systems or otherwise, could also damage our reputation and cause us to lose existing and potential clients. We may also be subject to civil actions and criminal prosecution by government or government agencies for breaches relating to such data. Our insurance coverage for breaches or mismanagement of such data may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us.

We could have liability, or our reputation could be damaged, if we fail to protect client and/or our data from security breaches or cyberattacks.

We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations around the world and with our people, clients, alliance partners and vendors. As the breadth and complexity of this infrastructure continues to grow, including as a result of the use of mobile technologies, social media and cloud-based services, the risk of security breaches and cyberattacks increases. Such breaches could lead to shutdowns or disruptions of or damage to our systems and those of our clients, alliance partners and vendors, and unauthorized disclosure of sensitive or confidential information, including personal data.

Client restrictions on the use of client data could adversely affect our activities.

The majority of the data we use to populate our databases comes from our client engagements. The insight sought by clients from us relates to the contractual data and terms, including pricing and costs, to which we have access in the course of assisting our clients in the negotiation of our sourcing agreements. Data is obtained through the course of our engagements with clients who agree to contractual provisions permitting us to consolidate and utilize on an aggregate basis such information. If we were unable to utilize key data from previous client engagements, our business, financial condition and results of operations could be adversely affected.

General Risks

Failure to maintain effective internal control over financial reporting could adversely affect our business and the market price of our Common Stock.

Pursuant to rules adopted by the SEC implementing Section 404 of the Sarbanes Oxley Act of 2002, we are required to assess the effectiveness of our internal control over financial reporting and provide a management report on our internal control over financial reporting in all annual reports. This report contains, among other matters, a statement as to whether or not our internal control over financial reporting is effective and the disclosure of any material weaknesses in our internal control over financial reporting identified by management.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides a framework for companies to assess and improve their internal control systems. Auditing Standard No. 5 provides the professional standards and related performance guidance for auditors to attest to, and report on, management's assessment of the effectiveness of internal control over financial reporting under Section 404. Management's assessment of internal control over financial reporting requires management to make subjective judgments and, some of the judgments will be in areas that may be open to interpretation. Therefore, our management's report on our internal control over financial reporting may be difficult to prepare, and our auditors may not agree with our management's assessment.

While we currently believe our internal control over financial reporting is effective, we are required to comply with Section 404 on an annual basis. If, in the future, we identify one or more material weaknesses in our internal control over financial reporting during this continuous evaluation process, our management will be unable to assert such internal control is effective. Therefore, if we are unable to assert that our internal control over financial reporting is effective in the future, or if our auditors are unable to express an opinion on the effectiveness of our internal control, our investors could lose confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our business and the market price of our Common Stock.

Our actual operating results may differ significantly from our guidance.

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in the release. Our guidance is not prepared with a view toward compliance with published guidelines of the Public Company Accounting Oversight Board (United States), and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons. Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in this Annual Report on Form 10-K could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We maintain our executive offices in Stamford, Connecticut. The lease on our executive offices covers approximately eighteen thousand square feet and expires on September 30, 2025. The majority of our business activities are performed on client sites or remotely. We do not own offices or properties. We have leased offices in the United States, Canada, Denmark, Switzerland, Netherlands, Finland, Australia, France, Germany, India, Italy, Sweden and the United Kingdom.

Item 3. Legal Proceedings

From time to time, in the normal course of business, we are a party to various legal proceedings. We are not aware of any asserted or unasserted legal proceedings or claims that we believe would have a material adverse effect on our financial condition, results of operations or cash flows.

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

The following table sets forth the high and low closing sales price of our common stock, as reported on The Nasdaq Stock Market LLC under the symbol "III" for the periods shown:

	Common Stock	
Quarter Ending	High	Low
March 31, 2021	$ 4.51	$ 3.28
June 30, 2021	6.06	4.30
September 30, 2021	8.20	5.57
December 31, 2021	9.56	7.14

	Common Stock	
Quarter Ending	High	Low
March 31, 2020	$ 3.70	$ 1.62
June 30, 2020	2.69	1.72
September 30, 2020	2.34	2.00
December 31, 2020	3.28	2.03

On March 2, 2022, the last reported sale price for our common stock on The Nasdaq Stock Market was $7.54 per share.

As of December 31, 2021, there were 609 holders of record of ISG common stock. The actual number of stockholders is significantly greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividends to Shareholders

During the second quarter of 2021, ISG declared and paid its first quarterly dividend. We anticipate paying regular quarterly dividends each year. These dividends are anticipated to be funded through cash flow from operations, available cash on hand, and/or borrowings under our revolving credit facility. Although we anticipate paying regular quarterly dividends on our common stock for the foreseeable future, the declaration, timing and amounts of any such dividends remain subject to the discretion of our Board of Directors. During the fiscal quarter and fiscal year ended December 31, 2021, we paid dividends and dividend equivalents of $1.5 million and $4.4 million, respectively.

Issuer Purchases of Equity Securities

The Company has approximately $23.1 million in aggregate available under its share repurchase program as of December 31, 2021. The shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, pursuant to a Rule 10b5-1 repurchase plan or by other means in accordance with federal securities laws. The timing and the amount of any repurchases will be determined by the Company's management based on its evaluation of market conditions, capital allocation alternatives, and other factors. There is no guarantee as to the number of shares that will be repurchased, and the repurchase program may be extended, suspended or discontinued at any time without notice at the Company's discretion.

The following table details the repurchases that were made during the three months ended December 31, 2021.

Period	Total Number of Securities Purchased (In thousands)	Average Price per Securities	Total Numbers of Securities Purchased as Part of Publicly Announced Plan (In thousands)	Approximate Dollar Value of Securities That May Yet Be Purchased Under The Plan (In thousands)
Oct 1 - Oct 31	7	$ 7.27	7	$ 25,980
Nov 1 - Nov 30	6	8.02	6	25,932
Dec 1 - Dec 31	363	7.92	363	23,057

Securities Authorized for Issuance under Equity Compensation Plan

The following table lists information regarding outstanding options and shares reserved for future issuance under our Amended and Restated 2007 Equity and Incentive Award Plan and our Amended and Restated Employee Stock Purchase Plan as of December 31,

2021. We have not issued any shares of our common stock to employees as compensation under a plan that has not been approved by our stockholders.

Plan Category	Number of Shares of Common Stock to be Issued upon Exercise of Outstanding Options, Warrants and Rights(1)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(2)	Number of Shares of Common Stock Remaining Available for Future Issuance under our Stock Option Plans (Excluding Shares Reflected in Column (2)(3)
Approved by Stockholders	4,020,064	$ —	4,974,599
Not Approved by Stockholders	—	—	—
Total	4,020,064	$ —	4,974,599

(1) Of the 4,020,064 shares listed in this column, none are stock options issued under the Amended and Restated 2007 Equity and Incentive Award Plan, 4,020,064 are restricted stock units issued under that Plan, and none are options issued during the current offering period under our Amended and Restated Employee Stock Purchase Plan.

(2) The weighted-average exercise price includes outstanding options and RSUs, treating RSUs as stock awards with an exercise price of zero.

(3) Includes 1,038,513 shares available for future issuance under the Company's Amended and Restated Employee Stock Purchase Plan. Also includes 3,936,086 shares that were available for grant under the Amended and Restated 2007 Equity and Incentive Award Plan as options and SARs and also for restricted stock, restricted stock units or other awards that could provide to the grantee an opportunity to earn the full value of an underlying share (in other words, such earning opportunity is not limited to the appreciation in value of our stock following the grant of the award).

Item 6. [Reserved]

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

We operate in a very competitive and rapidly changing environment that involves numerous known and unknown risks and uncertainties, some of which are beyond our control. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future quarterly and annual revenues, operating income, results of operations and cash flows, as well as any forward-looking statement, are subject to change and to inherent risks and uncertainties, such as those disclosed or incorporated by reference in our filings with the Securities and Exchange Commission. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in our forward-looking statements include, among others, the following: uncertainty of the magnitude, duration, geographic reach and impact on the global economy of the COVID-19 pandemic; our ability to pay our debt; compliance with our credit agreements; risks associated with acquisitions or investments; integration of businesses we have acquired; worldwide economic conditions and credit tightening which could impact our operating results; less than anticipated growth rates in broadly defined business information services & advisory sector; the termination, delay, or reduction in scope to engagements with our clients; fluctuating operating results from factors outside of our control; a decrease in revenues from failure to secure new project-based advisory engagements; the inability to achieve or maintain adequate utilization for our consultants; the loss of money on our fixed-fee or capped fee contracts; contracts with contingent-based revenue may cause unusual variations in our operating results; our ability to maintain our existing services and products; the profitability from expanding our service offering; our ability to develop and offer the new services and products that we need to remain competitive; our potential failure to anticipate and respond to market trends; our ability to protect important intellectual property rights; our ability to face and compete with competition; a loss of key executives could adversely affect our business; our reliance on key members of our management team; the ability to attract, retain and train skilled advisory and other professionals; agreements with certain clients that limit the ability of particular advisors to work on some engagements for a period of time; the financial impact of losing one or more of our large clients; the exposure to international operations could negatively impact our future revenue and growth; data protection laws and self-regulatory codes may restrict our activities and increase our costs; our exposure to risks related to cybersecurity; our international operations expose us to foreign currency exchange rate risk; we may be subject to claims for substantial damages by our clients arising out of disruptions to their businesses or inadequate service and our insurance coverage may be inadequate; we could be liable to our clients for damages and subject to liability and our reputation could be damaged if our confidential information or client data is compromised; failure to maintain effective internal control over financial reporting could adversely affect our business and the market price of our Common Stock; client restrictions on the use of client data could adversely affect our activities; we may not be able to maintain the equity in our brand name; our actual operating results may differ significantly from our guidance; and other risks and uncertainties. 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.

BUSINESS OVERVIEW

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to over 800 clients, including more than 75 of the top 100 enterprises in our markets, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry’s most comprehensive marketplace data. For more information, visit www.isg-one.com.

Our strategy is to strengthen our existing market position and develop new services and products to support future growth plans. As a result, we are focused on growing our existing service model, expanding geographically, developing new industry sectors, productizing market data assets, expanding our managed services offerings and growing via acquisitions. Although we do not expect any adverse conditions that will impact our ability to execute against our strategy over the next twelve months, the more significant factors that could limit our ability to grow in these areas include global macro-economic conditions and the impact on the overall sourcing market, competition, our ability to retain advisors and reductions in discretionary spending with our top client accounts or other significant client events. Other areas that could impact the business would also include natural disasters, pandemics, such as COVID-19, legislative and regulatory changes and capital market disruptions.

We principally derive revenues from fees for services generated on a project by project basis. Prior to the commencement of a project, we reach agreement with the client on rates for services based upon the scope of the project, staffing requirements and the level of client involvement. Revenues for services rendered are recognized on a time and materials basis or on a fixed fee or capped fee basis in accordance with accounting and disclosure requirements for revenue recognition.

Revenues for time and materials contracts are recognized based on the number of hours worked by our advisors at an agreed upon rate per hour and are recognized in the period in which services are performed. Revenues for time and materials contracts are billed monthly, semimonthly or in accordance with the specific contractual terms of each project.

We also derive our revenues from certain recurring revenue streams. These include such annuity-based ISG offerings as ISG GovernX, Research, Software as a Subscription (Automation licenses), ISG Inform and the multi-year Public Sector contracts. These offerings are characterized by subscriptions (i.e., renewal centric as opposed to project centric revenue streams) or, in some instances, multi-year contracts. Our digital services now span a volume of offerings and have become embedded as part of even our traditional transaction services. Digital enablement provides capabilities, digital insights and better engagement with clients and partners.

Our results are impacted principally by our full-time consultants’ utilization rate, the number of business days in each quarter and the number of our revenue-generating professionals who are available to work. Our utilization rate can be negatively affected by increased hiring because there is generally a transition period for new professionals that result in a temporary drop in our utilization rate. Our utilization rate can also be affected by seasonal variations in the demand for our services from our clients. The number of business workdays is also affected by the number of vacation days taken by our consultants and holidays in each quarter. We typically have fewer business workdays available in the fourth quarter of the year, which can impact revenues during that period. Time-and-expense engagements do not provide us with a high degree of predictability as to performance in future periods. Unexpected changes in the demand for our services can result in significant variations in utilization and revenues and present a challenge to optimal hiring and staffing. The volume of work performed for any particular client can vary widely from period to period.

CURRENT ENVIRONMENT

In March 2020, the World Health Organization categorized the disease caused by the novel coronavirus ("COVID-19") as a pandemic, and it continues to spread extensively throughout the United States and the rest of the world, particularly in recent months with the impact of the Omicron variant of the COVID-19 virus identified in the fourth quarter of 2021. The outbreak of COVID-19 and public and private sector measures to reduce its transmission, such as business closures and limits on operations, the adoption of social distancing measures and public and private mandates to work-from-home, stay-at-home and shelter-in-place, in particular in the early months of the pandemic, adversely impacted our business and demand for our services as some businesses adjusted, reduced or suspended operating activities, which negatively impacted the markets we serve and our results of operations, cash flows and financial position throughout 2020. In 2021, despite the economic and health impacts from the spread of the Delta and Omicron variants of the COVID-19 virus, we positively benefited from the effects of robust economic recovery in many of our principal markets as vaccination efforts took hold and the overall public health situation improved in many markets. We continue to believe that our focus on our strategic strengths, which include talent, our ISG NEXT operating model, data management capabilities, and the relevance of our offerings, position us well to navigate a rapidly changing marketplace. The future course of the pandemic is unpredictable, and the extent of its impact on our business will vary depending on the duration and severity of the continuing economic and operational impacts of COVID-19. The impact of the variants identified in 2021 and the pace of improvements in health and economic conditions has not been uniform across all geographies and could be threatened by such factors as the continued spread of the Omicron or other variants to the COVID-19 virus and limitations on the effectiveness of mass vaccination and other public health efforts to mitigate the impact of the pandemic.

At the outset of the COVID-19 pandemic, we responded swiftly in support of our people, our clients and our communities. To protect our employees, and to do our part in stopping the spread of COVID-19, within days, our entire global workforce had moved to a remote work environment. Prior to the rapid spread of the Omicron variant in the fourth quarter of 2021, a significant portion of our workforce had begun to return to the office at least part of the time, although much of our worldwide workforce continues to work from home. We recognized the importance of regular communication to reassure employees and to keep them updated on our plans as the pandemic continues to unfold. We continue to adjust our practices to facilitate the new working environments and take into account the need of many employees to work during non-traditional hours and juggle home lives and work responsibilities.

We believe we have had significant success in maintaining and continuing to advance the quality of our services notwithstanding extensive changes required by the pandemic. With respect to managing costs, we undertook multiple initiatives to align our expenses with changes in revenue. The steps we took in 2020 across the firm, included freezes on hiring and temporary labor, major cuts in non-essential spending, staff reductions and furloughs and salary reductions, including voluntary salary reductions for our senior corporate management team. Several of these actions were discontinued in 2021 as revenue growth returned.

In 2020, the Company also took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business. Most of these actions were based on our experience and learning in the COVID-19 pandemic and a resulting review of our operations. Notably, we foresee a greater role for work-from-home in a hybrid office-home model to deliver and support our services in a post-COVID world.

EXECUTIVE SUMMARY

ISG delivered its best year ever in 2021. Our success is reflected in our share price, as investors continue to take note of our performance. During 2021, our share price rose 133 percent. For the year, we increased shareholder value by more than $214 million and returned $21 million of capital to our shareholders in the form of dividends and share repurchases.

Our ISG NEXT operating model, introduced in the third quarter of 2020, really proved to be a game-changer in 2021. Our solution-centric approach is resonating with clients and allowing us to expand our relationships by offering more end-to-end solutions, supported by our ISG Research and ISG Platform businesses. We also have sharpened our focus on key industry segments, marshalling our vertical expertise with targeted industry solutions to capture more business in several sectors. And we are realizing the service and productivity benefits of our virtual ISG iFlex™ global delivery network, which allows us to support our clients as one firm, across borders and time zones, leveraging the tools and information found in our cloud-based ISG Workbench.

Our ISG Platform business, anchored by our ISG GovernX supplier management solution, continues to grow—in the breadth of its offerings, in the number of clients we serve, and in revenues. In 2021, we added new third-party risk management capabilities to GovernX, and continued to expand our other platform offerings. Our ISG Research business delivered double-digit revenue growth, fueled, in particular, by the expansion of our ISG Provider Lens™ provider evaluation research business, which doubled in size in 2021.

During 2021, we took steps toward building our capabilities in several areas that show great promise for the firm, including ISG Digital Engineering, ISG Cybersecurity, and ISG Enterprise Cloud, a new approach to the market aimed at partnering with hyperscalers to support client transitions to the public cloud.

We are proud of our efforts to advance our Corporate Social Responsibility (CSR) agenda in areas including Inclusion, Diversity, Equity and Awareness (the IDEA team), Environmental Practices, Women in Digital and ISG Cares. Each of these have fostered greater awareness of social issues and enhanced our ability to make a positive impact in our firm and in the communities we serve.

As we look ahead to even greater success in 2022, we can look back on 2021 as a year of enormous accomplishment and success.

It was a year when we began to emerge from the worst of the pandemic, streamlined our operations and positioned ourselves for greater efficiency and growth. Under the umbrella of ISG NEXT, we simplified what we do, how we go to market and concentrated on the essence of how our clients benefit from ISG. As a result, we achieved record financial results and our investors rewarded us with a growing share price. Most importantly, we now have a solid foundation upon which to deliver robust growth in 2022 and in the years ahead.

ISG continues to have momentum in the marketplace and with our clients. Market demand for all things digital is at record highs, and there is no doubt we have the right people, the right solutions, and the right approach to help every client navigate the still-challenging passage to becoming a fully digital enterprise. Most every enterprise today is focused on continuous transformation: being nimble and agile to continuously adjust their operating models to rapidly changing technology and business conditions. This will create ongoing, sustainable demand for our advice, support, and services.

We are confident the best lies ahead for our firm and our clients as we power through the challenges of a rapidly changing world—and realize new levels of operational excellence and growth, together.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021 COMPARED TO YEAR ENDED DECEMBER 31, 2020

Revenues

Revenues are generally derived from fixed fee contracts as well as engagements priced on a time and materials basis, which are recorded based on actual time worked as the services are performed. In addition, we also earn revenues which are contingent on the attainment of certain contractual milestones. Revenues related to materials (mainly out-of-pocket expenses such as airfare, lodging and meals) required during an engagement generally do not include a profit mark up and can be charged and reimbursed separately or as part of the overall fee arrangement. Invoices are issued to clients monthly, semimonthly or in accordance with the specific contractual terms of each project.

We operate in one segment, fact-based sourcing advisory services. We operate principally in the Americas, Europe, and Asia Pacific. Our foreign operations are subject to local government regulations and to the uncertainties of the economic and political conditions of those areas, and the revenue for our foreign operations is predominantly invoiced and collected in local currency.

Geographical revenue information for the segment is as follows:

	Years Ended December 31,			
Geographic Area	**2021**	**2020**	**Change**	**Percent Change**
		(in thousands)		
Americas	$ 160,181	$ 141,227	$ 18,954	13 %
Europe	90,256	87,131	3,125	4 %
Asia Pacific	27,395	20,770	6,625	32 %
Total revenues	$ 277,832	$ 249,128	$ 28,704	12 %

Revenues increased by $28.7 million or approximately 12% in 2021. The increase in revenues in the Americas was primarily attributable to an increase in our Advisory and Research service lines, as our clients made investments in their digital infrastructure and spending levels rebounded from the COVID-19 pandemic. The increase in revenues in Asia Pacific was primarily attributable to an increase in our Advisory service line, primarily in Australia. The increase in revenues in Europe was primarily attributable to an increase in our Research service line, primarily in Germany. The translation of foreign currency revenues into U.S. dollars positively impacted performance compared to the prior year in Europe and Asia Pacific.

Operating Expenses

The following table presents a breakdown of our operating expenses by functional category:

	Years Ended December 31,			
Operating Expenses	**2021**	**2020**	**Change**	**Percent Change**
		(in thousands)		
Direct costs and expenses for advisors	$ 168,475	$ 149,878	$ 18,597	12 %
Selling, general and administrative	78,759	83,785	(5,026)	(6)%
Depreciation and amortization	5,331	6,196	(865)	(14)%
Total operating expenses	$ 252,565	$ 239,859	$ 12,706	5 %

Total operating expenses increased by $12.7 million, or approximately 5%, for 2021. The increase in operating expenses were due primarily to higher compensation expenses of $12.2 million and contract labor of $11.9 million. The cost increases were partially offset by lower travel and entertainment of $4.5 million, non-cash stock compensation of $2.4 million, restructuring costs of $1.4 million, bad debt expense of $1.0 million, communications expense of $0.5 million, occupancy expenses of $0.4 million, and contingent consideration of $0.3 million, as well as general cost savings initiatives implemented in response to the COVID-19 pandemic and the ISG NEXT operating model.

Compensation costs consist of a mix of fixed and variable salaries, annual bonuses, benefits and retirement plan contributions. Statutory and 401(k) plans are offered to employees as appropriate. Direct costs also include employee taxes, health insurance, workers compensation and disability insurance.

A portion of compensation expenses for certain billable employees are allocated between direct costs and selling, general and administrative costs based on relative time spent between billable and non-billable activities.

Selling costs consist principally of compensation expense related to business development, proposal preparation and delivery, and negotiation of new client contracts. Selling costs also include travel expenses relating to the pursuit of sales opportunities, expenses for hosting periodic client conferences, public relations activities, participation in industry conferences, industry relations, website maintenance and business intelligence activities. Additionally, we maintain a dedicated global marketing function responsible for developing and managing sales campaigns, brand promotion, the ISG Index and assembling client proposals.

We maintain a comprehensive program for training and professional development with the related costs included in SG&A. Related expenses include product training, updates on new service offerings or methodologies and development of client project management skills. Also included in training and professional development are expenses associated with the development, enhancement and maintenance of our proprietary methodologies and tools and the systems that support them.

Selling, general and administrative expenses consist principally of executive management compensation, allocations of billable employee compensation related to general management activities, IT infrastructure, and costs for the finance, accounting, information technology and human resource functions. General and administrative costs also reflect continued investment associated with implementing and operating client and employee management systems. Because our billable personnel operate remotely or on client premises, all occupancy expenses are recorded as general and administrative.

Depreciation and amortization expense in 2021 and 2020 were $5.3 million and $6.2 million, respectively. The decrease of $0.9 million in depreciation and amortization expense was primarily due to intangible assets that were fully amortized in the prior year. Depreciation expense is generally computed by applying the straight-line method over the estimated useful lives of assets. We also capitalize some costs associated with the purchase and development of internal-use software, system conversions and website development costs. These costs are amortized over the estimated useful life of the software or system.

We amortize our intangible assets (e.g., client relationships and databases) over their estimated useful lives. Goodwill related to acquisitions is not amortized but is subject to annual impairment testing.

Other Expense, Net

The following table presents a breakdown of other expense, net:

	Years Ended December 31,			
Other income (expense), net	**2021**	**2020**	**Change**	**Percent Change**
		(in thousands)		
Interest income	$ 142	$ 260	$ (118)	(45)%
Interest expense	(2,342)	(3,563)	1,221	34 %
Foreign currency gain (loss)	44	(98)	142	145 %
Total other income (expense), net	$ (2,156)	$ (3,401)	$ 1,245	37 %

The total decrease of $1.2 million was primarily the result of lower interest expense attributable to our lower debt balance and lower interest rates.

Income Tax Expense

Our effective tax rate varies from period to period based on the mix of earnings among the various state and foreign tax jurisdictions in which business is conducted and the level of non-deductible expenses incurred in any given period. Our effective tax rate for the year ended December 31, 2021 was 32.8% compared to 53.1% for the year ended December 31, 2020. The variance between the US statutory rate of 21.0% for the year ended December 31, 2021 was primarily caused by the impact of higher tax rates applicable on company earnings in foreign jurisdictions and non-deductible expenses for tax purposes in the U.S.

NON-GAAP FINANCIAL PRESENTATION

This management's discussion and analysis presents supplemental measures of our performance that are derived from our consolidated financial information but are not presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We refer to these financial measures, which are considered "non-GAAP financial measures" under SEC rules, as adjusted EBITDA, adjusted net income, and adjusted earnings per diluted share, each as defined below. See "Non-GAAP Financial Measures" below for information about our use of these non-GAAP financial measures, including our reasons for including these measures and reconciliations of each non-GAAP financial measure to the most directly comparable GAAP financial measure.

NON-GAAP FINANCIAL MEASURES

We use non-GAAP financial measures to supplement the financial information presented on a GAAP basis. We provide adjusted EBITDA (defined as net income, plus interest, taxes, depreciation and amortization, foreign currency transaction gains/losses, non-cash stock compensation, change in contingent consideration, acquisition-related costs, severance, integration and other expense, and financing-related costs), adjusted net income (defined as net income, plus amortization of intangible assets, non-cash stock compensation, foreign currency transaction gains/losses, change in contingent consideration, acquisition-related costs, severance, integration and other expense, financing-related costs, and write-off of deferred financing costs on a tax-adjusted basis) and adjusted net income as earnings per diluted share, excluding the net of tax effect of the items set forth in the table below. These are non-GAAP measures that the Company believes provide useful information to both management and investors by excluding certain expenses and financial implications of foreign currency translations that management believes are not indicative of ISG's core operations. These non-GAAP measures are used by the Company to evaluate the Company's business strategies and management's performance. These non-GAAP financial measures exclude non-cash and certain other special charges or credits that many investors believe may obscure the user's overall understanding of the Company's current financial performance and the Company's prospects for the future. We believe that these non-GAAP measures provide useful information to investors because they improve the comparability of the financial results between periods and provide for greater transparency of key measures used to evaluate the Company's performance.

	Years Ended December 31, 2021	Years Ended December 31, 2020
	(in thousands)	
Net income	$ 15,529	$ 2,755
Interest expense (net of interest income)	2,200	3,303
Income taxes	7,582	3,113
Depreciation and amortization	5,331	6,196
Change in contingent consideration	101	419
Acquisition-related costs (1)	240	756
Severance, integration and other expense	1,406	2,717
Financing-related costs	—	92
Foreign currency transaction (gain) loss	(44)	98
Non-cash stock compensation	6,467	8,891
Adjusted EBITDA	$ 38,812	$ 28,340

	Years Ended December 31, 2021	Years Ended December 31, 2020
	(in thousands)	
Net income	$ 15,529	$ 2,755
Non-cash stock compensation	6,467	8,891
Intangible amortization	2,643	3,532
Change in contingent consideration	101	419
Acquisition-related costs (1)	240	756
Severance, integration and other expense	1,406	2,717
Financing-related costs	—	92
Write-off of deferred financing costs	—	167
Foreign currency transaction (gain) loss	(44)	98
Tax effect (2)	(3,460)	(5,335)
Adjusted net income	$ 22,882	$ 14,092

	Years Ended December 31, 2021	2020
Net income per diluted share	$ 0.30	$ 0.06
Non-cash stock compensation	0.12	0.18
Intangible amortization	0.05	0.07
Change in contingent consideration	0.00	0.01
Acquisition-related costs (1)	0.01	0.02
Severance, integration and other expense	0.03	0.05
Financing-related costs	—	0.00
Write-off of deferred financing costs	—	0.00
Foreign currency transaction (gain) loss	0.00	0.00
Tax effect (2)	(0.07)	(0.11)
Adjusted net income per diluted share	$ 0.44	$ 0.28

(1) Consists of expenses from acquisition-related costs and non-cash fair value adjustments on pre-acquisition contract liabilities.

(2) Marginal tax rate of 32%, reflecting U.S. federal income tax rate of 21% plus 11% attributable to U.S. states and foreign jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary sources of liquidity are cash flows from operations, existing cash and cash equivalents and borrowings under our revolving line of credit. Operating assets and liabilities consist primarily of accounts receivable and contract assets, prepaid expense and other assets, accounts payable, contract liabilities, accrued expenses, and accrued payroll and related benefits. The volume of billings and timing of collections and payments affect these account balances.

The following table summarizes our cash flows for the years ended December 31, 2021 and 2020:

	Years Ended December 31, 2021	2020
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 41,942	$ 43,971
Investing activities	(2,320)	(3,498)
Financing activities	(34,125)	(15,695)
Effect of exchange rate changes on cash	(1,713)	806
Net increase in cash, cash equivalents, and restricted cash	$ 3,784	$ 25,584

As of December 31, 2021, our liquidity and capital resources included cash, cash equivalents, and restricted cash of $47.6 million compared to $43.8 million as of December 31, 2020, a net increase of $3.8 million, which was primarily attributable to the following:

- our operating activities provided net cash of $41.9 million for the year ended December 31, 2021. Net cash provided from operations was primarily attributable to $14.4 million provided by working capital and our net income after adjustments for non-cash charges of approximately $27.6 million. The change in working capital was primarily attributable to a $4.5 million increase in accounts payable, $5.5 million increase in accrued expenses, $1.9 million increase in contract liabilities, $2.6 million decrease in accounts receivable and contract assets, and a $0.2 million increase in prepaid expense and other assets;
- treasury share repurchases of $16.3 million;
- payments related to tax withholding for stock-based compensation of $7.1 million;
- cash dividends paid to shareholders of $4.4 million;
- principal payments on borrowings of $4.3 million;
- payment of contingent consideration of $2.6 million;
- capital expenditures for property, plant and equipment of $2.3 million; and
- proceeds from issuance of employee stock purchase plan shares of $0.6 million.

Capital Resources

The Company's current outstanding debt, may limit our ability to fund general corporate requirements and obtain additional financing, impact our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic and industry conditions.

On March 10, 2020, the Company amended and restated its senior secured credit facility to include a $86.0 million term facility and to increase the revolving commitments per the revolving facility (the "2020 Credit Agreement") from $30.0 million to $54.0 million. The material terms under the 2020 Credit Agreement are as follows:

- Each of the term loan facility and revolving credit facility has a maturity date of March 10, 2025 (the "Maturity Date").
- The credit facility is secured by all of the equity interests owned by the Company, and its direct and indirect domestic subsidiaries and, subject to agreed exceptions, the Company's direct and indirect "first-tier" foreign subsidiaries and a perfected first priority security interest in all of the Company's and its direct and indirect domestic subsidiaries' tangible and intangible assets.
- The Company's direct and indirect existing and future wholly owned domestic subsidiaries serve as guarantors to the Company's obligations under the senior secured facility.
- At the Company's option, the credit facility bears interest at a rate per annum equal to either (i) the "Base Rate" (which is the highest of (a) the rate publicly announced from time to time by the administrative agent as its "prime rate", (b) the Federal Funds Rate plus 0.5% per annum and (c) the Eurodollar Rate, plus 1.0%), plus the applicable margin (as defined below) or (ii) Eurodollar Rate (adjusted for maximum reserves) as determined by the Administrative Agent, plus the applicable margin. The applicable margin is adjusted quarterly based upon the Company's quarterly leverage ratio.
- The term loan is repayable in nineteen consecutive quarterly installments of $1,075,000 each that commenced on June 30, 2020 and a final payment of the outstanding principal amount of the term loan on the Maturity Date.
- Mandatory repayments of term loans shall be required from (subject to agreed exceptions) (i) 100% of the proceeds from asset sales by the Company and its subsidiaries, (ii) 100% of the net proceeds from issuances of debt and equity by the Company and its subsidiaries and (iii) 100% of the net proceeds from insurance recovery and condemnation events of the Company and its subsidiaries.
- The senior secured credit facility contains a number of covenants that, among other things, place restrictions on matters customarily restricted in senior secured credit facilities, including restrictions on indebtedness (including guarantee obligations), liens, fundamental changes, sales or disposition of property or assets, investments (including loans, advances, guarantees and acquisitions), transactions with affiliates, dividends and other payments in respect of capital stock, optional payments and modifications of other material debt instruments, negative pledges and agreements restricting subsidiary distributions and changes in line of business. In addition, the Company is required to comply with a total leverage ratio and fixed charge coverage ratio.
- The senior secured credit facility contains customary events of default, including cross-default to other material agreements, judgment default and change of control.

The Company's financial statements include outstanding borrowings of $74.5 million and $78.8 million at December 31, 2021 and December 31, 2020, respectively, which are carried at amortized cost. The fair value of debt is classified within Level 3 of the fair value hierarchy. The fair value of the Company's outstanding borrowings is approximately $73.6 million and $77.7 million at December 31, 2021 and December 31, 2020, respectively. The fair values of debt have been estimated using a discounted cash flow analysis based on the Company's incremental borrowing rate for similar borrowing arrangements. The incremental borrowing rate used to discount future cash flows is 2.0% and 2.5% for December 31, 2021 and 2020, respectively. The Company also considered recent transactions of peer group companies for similar instruments with comparable terms and maturities as well as an analysis of current market conditions and interest rates. As of December 31, 2021 and 2020, there were no borrowings under the revolver.

We anticipate that our current cash and the ongoing cash flows from our operations will be adequate to meet our working capital, capital expenditure, and debt financing needs for at least the next twelve months. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if economic conditions change from those currently prevailing or from those now anticipated, or if other unexpected circumstances arise that may have a material effect on the cash flow or profitability of our business. If we require additional capital resources to grow our business, either internally or through acquisition, or maintain liquidity, we may seek to sell additional equity securities or to secure additional debt financing. The sale of additional equity securities or certain forms of debt financing could result in additional dilution to our stockholders. We may not be able to obtain financing arrangements in amounts or on terms acceptable to us in the future.

The Company has financial covenants underlying its debt which require a Debt to adjusted EBITDA ratio of 3.25. The Company is currently in compliance with its financial covenants.

Employee Retirement Plans

For the fiscal years ended December 31, 2021 and 2020, we contributed $2.1 million and $0.9 million, respectively, to the 401(k) plan (the "Savings Plan") on a fully discretionary basis. These amounts were invested by the participants in a variety of investment options under an arrangement with a third-party asset manager. All current and future financial risks associated with the gains and losses on investments are borne by Savings Plan participants.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the appropriate application of certain accounting policies, many of which require management to make estimates and assumptions about future events and their impact on amounts reported in our consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results may differ from estimates. Such differences may be material to the consolidated financial statements.

We believe the application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found the application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

Our accounting policies are more fully described in Note 2 "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements." We have identified revenue recognition as a critical accounting estimate:

Revenue Recognition

We recognize our revenues by applying the following five steps: (1) identify the contract with the customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s); and (5) recognize revenue when (or as) the company satisfies the performance obligation(s).

We principally derive revenues from fees for services generated on a project by project basis. Prior to the commencement of a project, we reach agreement with the client on rates for services based upon the scope of the project, staffing requirements and the level of client involvement. It is our policy to obtain written agreements from clients prior to performing services or when evidence of enforceable rights and obligations is obtained. In these agreements, the clients acknowledge that they will pay based upon the amount of time spent on the project or an agreed upon fee structure.

Revenues for time and materials contracts, which may include capped fees or "not-to-exceed" clauses, are recognized based on the number of hours worked by our advisors at an agreed upon rate per hour and are recognized in the period in which services are performed. Revenues for time and materials contracts are billed monthly, semimonthly or in accordance with the specific contractual terms of each project. For contracts with capped fees or not-to-exceed clauses, we monitor our performance and fees billed to ensure that revenue is not recognized in excess of the contractually capped fee.

Revenues related to fixed fee contracts are recognized as value is delivered to the customer, consistent with the transfer of control to the customer over time. Revenue for these contracts is recognized proportionally over the term of the contract using an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed fee contract performance obligations, which we consider the best available indicator of the pattern and timing in which contract performance obligations are fulfilled and control transfers to the customer. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period. The contracted amount used in this calculation typically excludes the amount the client pays for reimbursable expenses. There are situations where the number of hours to complete projects may exceed our original estimate as a result of an increase in project scope or unforeseen events. The results of any revisions in these estimates are reflected in the period in which they become known.

For managed service implementation contracts, revenue is recognized over time as a percentage of hours incurred to date as compared to the total expected hours of the implementation, consistent with the transfer of control to the customer. For ongoing managed services contract, revenue is recognized over time, consistent with the weekly or monthly fee specified within such arrangements.

We also derive revenues based on negotiating reductions in network and software costs of companies with the entity's related service providers and providing other services such as audits of network and communication expenses, and consultation for network architecture. These contracts can be fixed in fees or can be based on the level of savings achieved related to its communications costs. Additionally, these contracts can also have a fixed component and a contingent component that is based on the savings generated by the

Company. For network and software contingency contracts with termination for convenience clauses, revenue is recognized over time due to the existence of provisions for payment for progress incurred to date plus a reasonable profit margin. The contract periods range from a few months to in excess of a year.

We also enter into arrangements for the sale of automation software licenses and related delivery of consulting or implementation services at the same time or within close proximity to one another. Such software-related performance obligations include the sale of on-premise software and software-as-a-service licenses, as well as other software-related services. Revenue associated with the software performance obligation is primarily recognized at the point at which the software is installed or access is granted, while revenue associated with the implementation service performance obligation is recognized over the software implementation period as a percentage of hours incurred to date as compared to the total expected hours.

Revenue associated with events is recognized at the point of time at which the event occurs and is primarily comprised of sponsorships. Conversely, revenue associated with research subscriptions is recognized over time, as the customer accesses our data or related platforms. In addition, we sell research products for which the revenue is recognized at a point in time upon delivery to the client.

The agreements entered into in connection with a project typically allow our clients to terminate early due to breach or for convenience with 30 days' notice. In the event of termination, the client is contractually required to pay for all time, materials and expenses incurred by us through the effective date of the termination. In addition, from time to time, we enter into agreements with clients that limit our right to enter into business relationships with specific competitors of that client for a specific time period. These provisions typically prohibit us from performing a defined range of services that we might otherwise be willing to perform for potential clients. These provisions are generally limited to six to twelve months and usually apply only to specific employees or the specific project team.

When we recognize revenues in advance of billing, those revenues are recorded as contract assets. When we invoice in advance of completing services or earning revenues, those amounts are recorded as contract liabilities.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this item.

Item 8. Financial Statements and Supplementary Data

Reference is made to our financial statements beginning on page F-1 of this report.

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

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021, as required by the Rule 13a-15(b) under the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2021.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021, as required by Rule 13a-15(c) under the Exchange Act. In making this assessment, we used the criteria set forth in the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no controls can provide absolute assurance that misstatements due to error or fraud will not occur, and no evaluation of any such controls can provide absolute assurance that control issues and instances of fraud, if any, within our Company have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls' effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies and procedures.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

(a) Identification of Directors and Executive Officers.

The information required hereunder is incorporated by reference from the sections of our Proxy Statement filed in connection with our 2021 Annual Meeting of Stockholders under the caption "Management."

(b) Code of Ethics.

The information required hereunder is incorporated by reference from the sections of our Proxy Statement filed in connection with our 2021 Annual Meeting of Stockholders under the caption "Corporate Governance."

(c) Nominating Committee, Audit Committee, Audit Committee Financial Expert.

The information required hereunder is incorporated by reference from the sections of our Proxy Statement filed in connection with our 2021 Annual Meeting of Stockholders under the caption "Corporate Governance."

Item 11. Executive Compensation

The information required hereunder is incorporated by reference from the sections of our Proxy Statement filed in connection with our 2021 Annual Meeting of Stockholders under the caption “Corporate Governance,” “Executive Compensation,” “Summary Compensation Table” and “Outstanding Equity Awards At 2021 Fiscal Year End.”

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

The information required hereunder is incorporated by reference from the sections of our Proxy Statement filed in connection with our 2021 Annual Meeting of Stockholders under the caption “Security Ownership of Certain Beneficial Owners.”

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required hereunder is incorporated by reference from the sections in our Proxy Statement filed in connection with our 2021 Annual Meeting of the Stockholders under the caption “Corporate Governance.”

Item 14. Principal Accounting Fees and Services

The information required hereunder is incorporated by reference from the sections in our Proxy Statement filed in connection with our 2021 Annual Meeting of the Stockholders under the caption “Proposal No. 2 Ratification of Engagement of Independent Registered Public Accounting Firm.”

PART IV

Item 15. Exhibits and Financial Statement Schedule

(a)(1) Documents filed as a part of this report:

Financial Statements of Information Services Group, Inc.:

(a)(2) Financial Statement Schedule

(a)(3) Exhibits:

We hereby file as part of this Annual Report on Form 10−K the Exhibits listed in the attached Exhibit Index.

Item 16. FORM 10-K SUMMARY

None

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Information Services Group, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Information Services Group, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income and comprehensive income, of stockholders' equity and of cash flows for the years then ended, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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

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

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Estimated Labor Hours to Complete Fixed Fee Contract Performance Obligations

As described in Note 2 to the consolidated financial statements, revenues related to fixed fee contracts are recognized as value is delivered to the customer, consistent with the transfer of control to the customer over time. Revenue for these contracts is recognized proportionally over the term of the contract using an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed fee contract performance obligations, which management considers to be the best available indicator of the pattern and timing in which contract performance obligations are fulfilled and control transfers to the customer. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period. Revenue related to fixed fee contracts is a portion of the Company's total revenue of $278 million for the year ended December 31, 2021.

The principal considerations for our determination that performing procedures relating to revenue recognition – estimated labor hours to complete fixed fee contract performance obligations is a critical audit matter are the significant judgment by management when developing the total estimated labor hours to complete fixed fee contract performance obligations used to determine the amount of revenue to recognize, which in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate the total estimated labor hours to complete performance obligations used in revenue recognition for fixed fee contracts.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of total estimated labor hours to complete fixed fee contract performance obligations. The procedures also included, among others, (i) evaluating management's process for determining the total estimate of labor hours to complete performance obligations; (ii) evaluating the reasonableness of estimated labor hours used by management for a sample of fixed fee contracts; (iii) testing actual hours incurred and recalculating the revenue recognized to date for a sample of fixed fee contracts; and (iv) considering the factors that can affect the accuracy of estimated labor hours for a sample of fixed fee contracts. Evaluating the revenue recognition for fixed fee contracts involved assessing management's ability to reasonably estimate labor hours to complete the performance obligations by performing a comparison of the original estimated and actual hours incurred on similar completed fixed fee contracts.

/s/ PricewaterhouseCoopers LLP
Stamford, Connecticut
March 11, 2022

We have served as the Company's auditor since 2008.

INFORMATION SERVICES GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

	Years Ended December 31, 2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 47,521	$ 43,730
Accounts receivable and contract assets, net of allowance of $40 and $368, respectively	64,344	67,473
Prepaid expenses and other current assets	4,245	3,412
Total current assets	116,110	114,615
Restricted cash	88	95
Furniture, fixtures and equipment, net	5,293	5,001
Right-of-use lease assets	5,293	5,909
Goodwill	90,790	91,008
Intangible assets, net	12,410	15,064
Deferred tax assets	2,197	2,255
Other assets	4,613	5,573
Total assets	$ 236,794	$ 239,520
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 16,162	$ 11,176
Current maturities of long-term debt	4,300	4,300
Contract liabilities	7,049	5,121
Accrued expenses and other current liabilities	29,327	30,064
Total current liabilities	56,838	50,661
Long-term debt, net of current maturities	69,490	73,551
Deferred tax liabilities	2,824	3,811
Operating lease liabilities	3,481	4,332
Other liabilities	5,768	8,028
Total liabilities	138,401	140,383
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock, $0.001 par value; 10,000 shares authorized; none issued	—	—
Common stock, $0.001 par value, 100,000 shares authorized; 49,362 shares issued and 48,856 outstanding at December 31, 2021 and 48,297 shares issued and 48,189 outstanding at December 31, 2020	49	48
Additional paid-in capital	237,628	248,018
Treasury stock (506 and 108 common shares, respectively, at cost)	(3,871)	(256)
Accumulated other comprehensive loss	(6,940)	(4,671)
Accumulated deficit	(128,473)	(144,002)
Total stockholders' equity	98,393	99,137
Total liabilities and stockholders' equity	$ 236,794	$ 239,520

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

INFORMATION SERVICES GROUP, INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(In thousands, except per share data)

	Years Ended December 31, 2021	Years Ended December 31, 2020
Revenues	$ 277,832	$ 249,128
Operating expenses		
Direct costs and expenses for advisors	168,475	149,878
Selling, general and administrative	78,759	83,785
Depreciation and amortization	5,331	6,196
Operating income	25,267	9,269
Interest income	142	260
Interest expense	(2,342)	(3,563)
Foreign currency transaction gain (loss)	44	(98)
Income before taxes	23,111	5,868
Income tax provision	7,582	3,113
Net income	15,529	2,755
Weighted average shares outstanding:		
Basic	48,638	47,717
Diluted	51,756	49,972
Earnings per share:		
Basic	$ 0.32	$ 0.06
Diluted	$ 0.30	$ 0.06
Comprehensive income:		
Net income	$ 15,529	$ 2,755
Foreign currency translation, net of tax expense (benefit) of ($724) and $760, respectively	(2,269)	2,467
Comprehensive income	$ 13,260	$ 5,222

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

Table of Contents

INFORMATION SERVICES GROUP, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(In thousands, except per share data)

	Common Stock		Additional Paid-in-Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance December 31, 2019	48,112	$ 48	$ 245,572	$ (2,051)	$ (7,138)	$ (146,757)	$ 89,674
Net income	—	—	—	—	—	2,755	2,755
Other comprehensive income	—	—	—	—	2,467	—	2,467
Treasury shares repurchased	—	—	—	(5,166)	—	—	(5,166)
Proceeds from issuance of ESPP shares	—	—	(86)	602	—	—	516
Issuance of treasury shares	—	—	(6,359)	6,359	—	—	—
Issuance of common stock for RSUs vested	185	—	—	—	—	—	—
Stock based compensation	—	—	8,891	—	—	—	8,891
Balance December 31, 2020	48,297	$ 48	$ 248,018	$ (256)	$ (4,671)	$ (144,002)	$ 99,137
Net income	—	—	—	—	—	15,529	15,529
Other comprehensive loss	—	—	—	—	(2,269)	—	(2,269)
Treasury shares repurchased	—	—	—	(16,331)	—	—	(16,331)
Proceeds from issuance of ESPP shares	—	—	61	549	—	—	610
Issuance of treasury shares	—	—	(12,167)	12,167	—	—	—
Issuance of common stock for RSUs vested	1,065	1	(1)	—	—	—	—
Accrued dividends on unvested shares	—	—	(313)	—	—	—	(313)
Cash dividends paid to shareholders	—	—	(4,437)	—	—	—	(4,437)
Stock based compensation	—	—	6,467	—	—	—	6,467
Balance December 31, 2021	49,362	$ 49	$ 237,628	$ (3,871)	$ (6,940)	$ (128,473)	$ 98,393

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

INFORMATION SERVICES GROUP, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Years Ended December 31, 2021	Years Ended December 31, 2020
Cash flows from operating activities		
Net income	$ 15,529	$ 2,755
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,688	2,664
Amortization of intangible assets	2,643	3,532
Deferred tax (benefit) expense from stock issuances	(2,389)	969
Write-off of deferred financing costs	—	167
Amortization of deferred financing costs	354	403
Stock-based compensation	6,467	8,891
Change in fair value of contingent consideration	101	419
(Benefits) provisions for accounts receivable	(138)	817
Deferred tax provision (benefit)	2,330	(139)
Changes in operating assets and liabilities:		
Accounts receivable and contract assets	2,648	10,065
Prepaid expense and other assets	(243)	(1,689)
Accounts payable	4,503	2,070
Contract liabilities	1,928	(93)
Accrued expenses	5,521	13,140
Net cash provided by operating activities	41,942	43,971
Cash flows from investing activities		
Purchase of furniture, fixtures and equipment	(2,320)	(1,181)
Neuralify acquisition (Note 4)	—	(2,317)
Net cash used in investing activities	(2,320)	(3,498)
Cash flows from financing activities		
Principal payments on borrowings	(4,300)	(8,088)
Proceeds from issuance of employee stock purchase plan shares	610	516
Debt financing costs	—	(934)
Payments related to tax withholding for stock-based compensation	(7,109)	(2,023)
Payment of contingent consideration	(2,558)	—
Cash dividends paid to shareholders	(4,437)	—
Treasury shares repurchased	(16,331)	(5,166)
Net cash used in financing activities	(34,125)	(15,695)
Effect of exchange rate changes on cash	(1,713)	806
Net increase in cash, cash equivalents, and restricted cash	3,784	25,584
Cash, cash equivalents, and restricted cash, beginning of period	43,825	18,241
Cash, cash equivalents, **and restricted cash**, end of period	$ 47,609	$ 43,825
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ 1,875	$ 3,114
Taxes, net of refunds	$ 3,582	$ 2,536
Non-cash investing and financing activities:		
Issuance of treasury stock for vested restricted stock awards	$ 12,167	$ 6,359

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

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(tabular amounts in thousands, except per share data)

NOTE 1—DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

Information Services Group, Inc. (the "Company", or "ISG") was founded in 2006 with the strategic vision to become a high-growth, leading provider of information-based advisory services. The Company specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. These consolidated financial statements and footnotes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany accounts and transactions have been eliminated in consolidation. Unless the context requires otherwise, references to the Company include ISG and its consolidated subsidiaries.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. Actual results may differ from those estimates. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the revenue recognition guidance for contracts in which control is transferred to the customer over time affect the amounts of revenues, expenses, contract assets and contract liabilities. Numerous internal and external factors can affect estimates. Estimates are also used for but not limited to: allowance for doubtful accounts, useful lives of furniture, fixtures and equipment and definite lived intangible assets, depreciation expense, fair value assumptions in evaluating goodwill for impairment, income taxes and deferred tax asset valuation, and the valuation of stock-based compensation.

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. Any future asset impairment charges, increase in allowance for doubtful accounts, or restructuring charges could be more likely if the negative effects of the COVID-19 pandemic continue and will be dependent on the severity and duration of this crisis. To date, the Company has not observed any material impairments of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Business Combinations

We have acquired businesses critical to the Company's long-term growth strategy. Results of operations for acquisitions are included in the accompanying consolidated statement of comprehensive income from the date of acquisition. Acquisitions are accounted for using the purchase method of accounting and the purchase price is allocated to the net assets acquired based upon their estimated fair values at the date of acquisition. The excess of the purchase price over the net assets are recorded as goodwill. Acquisition-related costs are expensed as incurred and recorded in selling, general and administrative expenses.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents, including certain money market accounts. The Company principally maintains its cash in money market and bank deposit accounts in the United States of America which typically exceed applicable insurance limits. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

Restricted cash consists of cash and cash equivalents which the Company has committed for rent deposits and are not available for general corporate purposes.

Accounts Receivable, Contract Assets and Allowance for Doubtful Accounts

Our trade receivables primarily consist of amounts due for services already performed. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of clients to pay fees or for disputes that affect its ability to fully collect billed accounts receivable. The allowance for these risks is prepared by reviewing the status of all accounts and recording reserves on a specific identification method based on previous experiences and historical bad debts. However, our actual experience may vary from these estimates. If the financial condition of our clients were to deteriorate, resulting in their inability or unwillingness to pay their invoices, we may need to record additional allowances or write-offs in future periods. To the extent the provision relates to a client's inability or unwillingness to make required payments, the provision is recorded as bad debt expense, which is classified within selling, general and administrative expense in the accompanying consolidated statement of comprehensive income. Historically, the Company's bad debt reserves and write-offs have not been significant.

The provision for unbilled services is recorded as a reduction to revenues to the extent the provision relates to fee adjustments and other discretionary pricing adjustments. Historically, the Company's unbilled receivable reserves and write-offs have not been significant.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of prepaid expenses for insurance, conferences and deposits for facilities, programs and promotion items.

Furniture, Fixtures and Equipment, net

Furniture, fixtures and equipment are recorded at cost. Depreciation is computed by applying the straight-line method over the estimated useful life of the assets, which ranges from two to five years. Leasehold improvements are depreciated over the lesser of the useful life of the underlying asset or the lease term, which generally ranges from two to five years. Repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and any associated gain or loss thereon is reflected in the accompanying consolidated statement of comprehensive income.

The Company capitalizes internal-use software and website development costs and records these amounts within Furniture, Fixtures and Equipment, net. Accounting standards require that certain costs related to the development or purchase of internal-use software and systems as well as the costs incurred in the application development stage related to its website be capitalized and amortized over the estimated useful life of the software or system. They also require that costs related to the preliminary project stage, data conversion and post implementation/operation stage of an internal-use software development project be expensed as incurred.

During the years ended December 31, 2021 and 2020, the Company capitalized $0.8 million and $0.3 million, respectively, of costs associated with system and website development.

Goodwill

Our goodwill represents the excess of the cost of businesses acquired over the fair value of the net assets acquired at the date of acquisition. Goodwill is not amortized but rather tested for impairment at least annually in accordance with accounting and disclosure requirements for goodwill and other indefinite-lived intangible assets. This test is performed by us during our fourth fiscal quarter or more frequently if we believe impairment indicators are present.

A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value of the reporting unit is less than its carrying amount. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value then goodwill is tested further for impairment. If the fair value of goodwill is lower than its carrying amount, an impairment loss is recognized in an amount equal to the difference. Subsequent increases in value are not recognized in the financial statements.

There was no impairment of goodwill during the years ended December 31, 2021 and 2020, nor were any indicators identified in 2021 or 2020 that would suggest that it is more likely than not that the Company's reporting unit is impaired.

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

Long-Lived Assets

Long lived assets, excluding goodwill and indefinite lived intangibles, to be held and used by the Company are reviewed to determine whether any significant change in the long-lived asset's physical condition, a change in industry conditions or a reduction in cash flows associated with the asset group that contains the long-lived asset. If these or other factors indicate the carrying amount of the asset group, which is the lowest level for which identifiable cash flows exist that are separately identifiable from other cash flows, may not be recoverable, the Company determines whether impairment has occurred through the use of an undiscounted cash flow analysis. If impairment has occurred, the Company recognizes a loss for the difference between the carrying amount and the fair value of the asset group. The fair value of the asset group is measured using market prices or, in the absence of market prices, an estimate of discounted cash flows. Cash flows are generally discounted at an interest rate commensurate with our weighted average cost of capital. Assets are classified as held for sale when the Company has a plan for disposal of certain assets and those assets meet the held for sale criteria.

Debt Issuance Costs

Costs directly incurred in obtaining long-term financing, typically bank and attorney fees, are deferred and are amortized over the life of the related loan. Deferred issuance costs are classified as a direct deduction to the long-term debt in the accompanying consolidated balance sheet. Amortization of debt issuance costs is included in interest expense and totaled $0.4 million for both years ended December 31, 2021 and 2020.

Revenue Recognition

We recognize our revenues by applying the following five steps: (1) identify the contract with the customer; (2) identify the performance obligation(s) in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation(s); and (5) recognize revenue when (or as) the company satisfies the performance obligation(s).

We principally derive revenues from fees for services generated on a project by project basis. Prior to the commencement of a project, we reach agreement with the client on rates for services based upon the scope of the project, staffing requirements and the level of client involvement. It is our policy to obtain written agreements from clients prior to performing services or when evidence of enforceable rights and obligations is obtained. In these agreements, the clients acknowledge that they will pay based upon the amount of time spent on the project or an agreed upon fee structure.

Revenues for time and materials contracts, which may include capped fees or "not-to-exceed" clauses, are recognized based on the number of hours worked by our advisors at an agreed upon rate per hour and are recognized in the period in which services are performed. Revenues for time and materials contracts are billed monthly, semimonthly or in accordance with the specific contractual terms of each project. For contracts with capped fees or not-to-exceed clauses, we monitor our performance and fees billed to ensure that revenue is not recognized in excess of the contractually capped fee.

Revenues related to fixed fee contracts are recognized as value is delivered to the customer, consistent with the transfer of control to the customer over time. Revenue for these contracts is recognized proportionally over the term of the contract using an input method based on the proportion of labor hours incurred as compared to the total estimated labor hours for the fixed fee contract performance obligations, which we consider the best available indicator of the pattern and timing in which contract performance obligations are fulfilled and control transfers to the customer. This percentage is multiplied by the contracted dollar amount of the project to determine the amount of revenue to recognize in an accounting period. The contracted amount used in this calculation typically excludes the amount the client pays for reimbursable expenses. There are situations where the number of hours to complete projects may exceed our original estimate as a result of an increase in project scope or unforeseen events. The results of any revisions in these estimates are reflected in the period in which they become known.

For managed service implementation contracts, revenue is recognized over time as a percentage of hours incurred to date as compared to the total expected hours of the implementation, consistent with the transfer of control to the customer. For ongoing managed services contract, revenue is recognized over time, consistent with the weekly or monthly fee specified within such arrangements.

We also derive revenues based on negotiating reductions in network and software costs of companies with the entity's related service providers and providing other services such as audits of network and communication expenses, and consultation for network architecture. These contracts can be fixed in fees or can be based on the level of savings achieved related to its communications costs. Additionally, these contracts can also have a fixed component and a contingent component that is based on the savings generated by the

Company. For network and software contingency contracts with termination for convenience clauses, revenue is recognized over time due to the existence of provisions for payment for progress incurred to date plus a reasonable profit margin. The contract periods range from a few months to in excess of a year.

We also enter into arrangements for the sale of automation software licenses and related delivery of consulting or implementation services at the same time or within close proximity to one another. Such software-related performance obligations include the sale of on-premise software and software-as-a-service licenses, as well as other software-related services. Revenue associated with the software performance obligation is primarily recognized at the point at which the software is installed or access is granted, while revenue associated with the implementation service performance obligation is recognized over the software implementation period as a percentage of hours incurred to date as compared to the total expected hours.

Revenue associated with events is recognized at the point of time at which the event occurs and is primarily comprised of sponsorships. Conversely, revenue associated with research subscriptions is recognized over time, as the customer accesses our data or related platforms. In addition, we sell research products for which the revenue is recognized at a point in time upon delivery to the client.

The agreements entered into in connection with a project typically allow our clients to terminate early due to breach or for convenience with 30 days' notice. In the event of termination, the client is contractually required to pay for all time, materials and expenses incurred by us through the effective date of the termination. In addition, from time to time, we enter into agreements with clients that limit our right to enter into business relationships with specific competitors of that client for a specific time period. These provisions typically prohibit us from performing a defined range of services that we might otherwise be willing to perform for potential clients. These provisions are generally limited to six to twelve months and usually apply only to specific employees or the specific project team.

When we recognize revenues in advance of billing, those revenues are recorded as contract assets. When we invoice in advance of completing services or earning revenues, those amounts are recorded as contract liabilities.

Reimbursable Expenditures

Amounts billed to customers for reimbursable expenditures are included in revenues and the associated costs incurred by the Company are included in direct costs and expenses for advisors in the accompanying consolidated statement of comprehensive income. Non-reimbursable amounts are expensed as incurred. Reimbursable expenditures totaled $0.3 million and $1.7 million for the years ended December 31, 2021 and 2020, respectively. The decrease was attributable to pandemic-related travel restrictions that occurred throughout the majority of 2021 and 2020.

Direct Costs and Expenses for Advisors

Direct costs and expenses for advisors include payroll expenses and advisory fees directly associated with the generation of revenues and other program expenses. Direct costs and expenses for advisors are expensed as incurred.

Direct costs and expenses for advisors also include expense accruals for discretionary bonus payments. Bonus accrual levels are adjusted throughout the year based on actual and projected Company performance.

Stock-Based Compensation

We grant restricted stock units with a fair value that is determined based on the closing price of our common stock on the date of grant. Such grants generally vest ratably over a four-year period for employees and a three-year period for directors. Stock-based compensation expense is recognized ratably over the applicable service period.

We follow the provisions of accounting and disclosure requirements for share-based payments, including the measurement and recognition of all share-based compensation under the fair value method.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company places its cash investments with high quality financial institutions. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral.

Treasury Stock

The Company makes treasury stock purchases in the open market pursuant to the share repurchase program, which was most recently approved by the Board of Directors on August 5, 2021.

Treasury stock is recorded on the consolidated balance sheet at cost as a reduction of stockholders' equity. Shares are released from Treasury at original cost on a first-in, first-out basis, with any gain on the sale reflected as an adjustment to additional paid-in capital. Losses are generally reflected as an adjustment to additional paid-in capital.

Foreign Currency Translation

The assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the end of the reporting period. Revenue and expense items are translated at average exchange rates for the reporting period. Resulting translation adjustments are included in the accompanying statement of comprehensive income and accompanying statement of stockholders' equity as a component of *Accumulated Other Comprehensive Loss*.

The functional currency of the Company and its subsidiaries is the respective local currency. The Company has contracts denominated in foreign currencies and therefore, a portion of the Company's revenues are subject to foreign currency risks. Transactional currency gains and losses that arise from transactions denominated in currencies other than the functional currencies of our operations are recorded in *Foreign Currency Translation* in the accompanying consolidated statement of comprehensive income.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, receivables, accounts payable, other current liabilities, and accrued interest approximate fair value.

Fair value measurements were applied with respect to our nonfinancial assets and liabilities measured on a nonrecurring basis, which would consist of measurements primarily to goodwill, intangible assets and other long-lived assets, and assets acquired and liabilities assumed in a business combination.

Fair value is the price that would be received upon a sale of an asset or paid upon a transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). Market participants can use market data or assumptions in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable. The use of unobservable inputs is intended to allow for fair value determinations in situations where there is little, if any, market activity for the asset or liability at the measurement date. Under the fair-value hierarchy:

- Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market;
- Level 2 measurements include quoted market prices for identical assets or liabilities in an active market that have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets; and
- Level 3 measurements include those that are unobservable and of a highly subjective measure.

During 2021, there were no transfers of our financial assets between Level 1, Level 2, or Level 3 measures. Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

The following tables summarize assets and liabilities measured at fair value on a recurring basis at the dates indicated:

	Basis of Fair Value Measurements December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 1,018	$ —	$ —	$ 1,018
Total	$ 1,018	$ —	$ —	$ 1,018
Liabilities:				
Contingent consideration (1)	$ —	$ —	$ 2,420	$ 2,420
	$ —	$ —	$ 2,420	$ 2,420

	Basis of Fair Value Measurements December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 17	$ —	$ —	$ 17
Total	$ 17	$ —	$ —	$ 17
Liabilities:				
Contingent consideration (2)	$ —	$ —	$ 5,319	$ 5,319
	$ —	$ —	$ 5,319	$ 5,319

(1) Contingent consideration is included in "Accrued expenses and other current liabilities" as of December 31, 2021.

(2) The current and noncurrent Contingent consideration is included in "Accrued expenses and other current liabilities" and "Other liabilities," respectively, as of December 31, 2020.

The fair value measurement of this contingent consideration is classified within Level 3 of the fair value hierarchy and reflects the Company's own assumptions in measuring fair values using the income approach. In developing these estimates, the Company considered certain performance projections, historical results, and industry trends. This amount was estimated through a valuation model that incorporated probability-weighted assumptions related to the achievement of these milestones and the likelihood of the Company making payments. These cash outflow projections have then been discounted using a rate of 2.50%.

The following table represents the change in the contingent consideration liability during the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Beginning Balance	$ 5,319	$ —
Payments of contingent consideration	(3,000)	—
Neuralify contingent consideration accrued	—	4,900
Accretion of contingent consideration	101	419
Ending Balance	$ 2,420	$ 5,319

The Company's financial instruments include outstanding borrowings of $74.5 million at December 31, 2021 and $78.8 million at December 31, 2020, which are carried at amortized cost. The fair value of debt is classified within Level 3 of the fair value hierarchy. The fair value of the Company's outstanding borrowings is approximately $73.6 million and $77.7 million at December 31, 2021 and 2020, respectively. The fair values of debt have been estimated using a discounted cash flow analysis based on the Company's incremental borrowing rate for similar borrowing arrangements. The incremental borrowing rate used to discount future cash flows is 2.0% and 2.5% for December 31, 2021 and 2020, respectively. The Company also considered recent transactions of peer group companies for similar instruments with comparable terms and maturities as well as an analysis of current market conditions and interest rates. As of December 31, 2021 and 2020, there were no borrowings under the revolver. The Company is currently in compliance with its financial covenants.

Income Taxes

We use the asset and liability method to account for income taxes, including recognition of deferred tax assets and liabilities for the anticipated future tax consequences attributable to differences between financial statement amounts and their respective tax basis. We review our deferred tax assets for recovery. A valuation allowance is established when we believe that it is more likely than not that some portion of its deferred tax assets will not be realized. Changes in the valuation allowance from period to period are included in our tax provision in the period of change.

For uncertain tax positions, we use the prescribed model for assessing the financial recognition and measurement of all tax positions taken or expected to be taken in tax returns. This guidance provides clarification on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. Our provision for income taxes also includes the impact of provisions established for uncertain income tax positions, as well as the related interest.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued new guidance on the measurement of credit losses for financial assets measured at amortized cost, which includes accounts receivable, and available-for-sale debt securities. The new guidance replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses and additional disclosures. As a smaller reporting company, this guidance is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the potential impact of adopting this guidance on its financial statements.

NOTE 3—REVENUE

The majority of our revenue is derived from contracts that can span from a few months to several years. We enter into contracts that can include various combinations of services, which, depending on contract type, are sometimes capable of being distinct. If services are determined to be distinct, they are accounted for as separate performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, including our managed service (GovernX) implementation, software and implementation, and research and subscription contracts, the Company allocates the transaction price to each performance obligation using our best estimate of the standalone selling price, or SSP, of each distinct good or service in the contract.

Our contracts may include promises to transfer multiple services and products to a client. Determining whether services and products are considered distinct performance obligations that should be accounted for separately versus together may require judgment.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivables, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities). Our clients are billed based on the type of arrangement. A portion of our services is billed monthly based on hourly or daily rates. There are also client engagements in which we bill a fixed amount for our services. This may be one single amount covering the whole engagement or several amounts for various phases, functions, or milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, we sometimes receive advances or deposits before revenue is recognized, resulting in contract liabilities. Contract assets and liabilities are generally reported in the current assets and current liabilities sections of the consolidated balance sheet, at the end of each reporting period, based on the timing of the satisfaction of the related performance obligation(s). For multi-year software sales with annual invoicing, we perform a significant financing component calculation and recognize the associated interest income throughout the duration of the financing period. In addition, we reclassify the resulting contract asset balances as current and noncurrent receivables as receipt of the consideration is conditional only on the passage of time and there are no performance risk factors present. See the table below for a breakdown of contract assets and contract liabilities.

(tabular amounts in thousands, except per share data)

	December 31, 2021	December 31, 2020
Contract assets	$ 18,639	$ 21,825
Contract liabilities	$ 7,049	$ 5,121

Revenue recognized for the year ended December 31, 2021 that was included in the contract liability balance at January 1, 2021 was $3.5 million and represented primarily revenue from our software and implementation contracts, managed services contracts, and research contracts.

Remaining performance obligations

As of December 31, 2021, the Company had $104.5 million of remaining performance obligations, the majority of which are expected to be satisfied within the next year.

NOTE 4—ACQUISITION

Neuralify Acquisition

On July 8, 2020, a subsidiary of the Company executed an Asset Purchase Agreement with Neuralify, LLC (“the Agreement”), a firm focused on intelligent automation enablement solutions and services, and consummated the acquisition of substantially all of the assets and assumed certain liabilities of Neuralify, LLC. The primary reason for the acquisition was to expand the capabilities of ISG’s pure-play automation service line, ISG Automation. The purchase price was comprised of $2.3 million of cash consideration paid at closing and certain former equity holders of Neuralify, LLC will also have the right to receive additional consideration paid via earn-out payments during the next 18 months, if certain financial targets are met. At the Agreement date, the Company estimated such earn-out payments would be up to $4.9 million.

The following table summarizes the consideration transferred to acquire Neuralify, LLC and the amounts of identified assets acquired, and liabilities assumed as of the Agreement date:

Cash	$ 2,282
Contingent consideration	4,900
Total allocable purchase price	$ 7,182

The primary factors that drove the goodwill recognized, the majority of which is deductible for tax purposes, are the inclusion of legacy Neuralify workforce and know-how which expands the Company’s pure-play automation service line, ISG Automation.

Costs associated with this acquisition are included in the selling, general and administrative expenses in the Consolidated Statement of Income and Comprehensive Income and totaled $0.1 million during the year ended December 31, 2020. This business combination was accounted for under the acquisition method of accounting, and as such, the aggregate purchase price was allocated on a preliminary basis to the assets acquired and liabilities assumed based on estimated fair values as of the closing date. Based on the valuation and other factors as described above, the purchase price assigned to intangible assets and the amortization period were as follows:

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

Accounts receivable	$	226
Contract assets		1
Intangible assets		1,970
Accounts payable		(79)
Contract liabilities		(280)
Net assets acquired	$	1,838
Goodwill	$	5,344

The Consolidated Statement of Income and Comprehensive Income includes the results of the Neuralify acquisition subsequent to the closing.

NOTE 5—NET INCOME PER COMMON SHARE

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that would share in the net income of the Company.

The following tables set forth the computation of basic and diluted earnings per share:

	Year Ended December 31, 2021	2020
Basic:		
Net income	$ 15,529	$ 2,755
Weighted average common shares	48,638	47,717
Earnings per share	$ 0.32	$ 0.06
Diluted:		
Net income	$ 15,529	$ 2,755
Basic weighted average common shares	48,638	47,717
Potential common shares	3,118	2,255
Diluted weighted average common shares	51,756	49,972
Diluted earnings per share	$ 0.30	$ 0.06

NOTE 6—ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

Accounts receivable and contract assets, net of valuation allowance, consisted of the following:

	Years Ended December 31, 2021	2020
Accounts receivable	$ 45,531	$ 45,499
Contract assets	18,639	21,825
Receivables from related parties	174	149
	$ 64,344	$ 67,473

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

NOTE 7—FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment consisted of the following:

	Estimated Useful Lives	Years Ended December 31, 2021	2020
Computer hardware, software and other office equipment	2 to 5 years	$ 6,104	$ 5,238
Furniture, fixtures and leasehold improvements	2 to 5 years	4,765	4,797
Software and development costs	3 to 5 years	9,173	8,385
Accumulated depreciation		(14,749)	(13,419)
		$ 5,293	$ 5,001

Depreciation expense was $2.7 million for both the years ended December 31, 2021 and 2020.

NOTE 8—LEASES

The Company recognizes lease payments in the consolidated statements of income on a straight-line basis over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments.

The Company leases its office space and office equipment under long-term operating lease agreements which expire at various dates through September 2025, some of which include options to extend the leases for up to 3 years, and some of which included options to terminate the leases within 1 year. Under the operating leases, the Company pays certain operating expenses relating to the office equipment and leased property.

The components of lease expense were as follows:

	Years Ended December 31, 2021	2020
Lease cost		
Operating lease cost	$ 2,170	$ 2,541
Finance lease cost:		
Amortization of right-of-use assets	253	53
Interest on lease liabilities	9	5
Short-term lease cost	42	41
Variable lease cost	110	304
Sublease income	(250)	(245)
Total lease cost	$ 2,334	$ 2,699
Supplemental cash flow information related to leases was as follows		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ 9	$ 53
Operating cash flows from operating leases	$ 2,720	$ 3,284
Financing cash flows from finance leases	$ 253	$ 6

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

Supplemental balance sheet information related to leases was as follows:

(In thousands, except lease term and discount rate)	Years Ended December 31, 2021	2020
Operating leases		
Operating lease right-of-use assets	$ 5,293	$ 5,909
Current operating lease liabilities [1]	$ 2,520	2,550
Non-current operating lease liabilities	3,481	4,332
Total operating lease liabilities	$ 6,001	$ 6,882
Finance leases		
Finance lease right-of-use assets [2]	$ 451	$ 197
Current finance lease liabilities [1]	$ 395	95
Non-current finance lease liabilities	61	101
Total finance lease liabilities	$ 456	$ 196
Weighted average remaining lease term (in years)		
Operating leases	3.3	3.6
Finance leases	1.3	2.6
Weighted average discount rate		
Operating leases	6.0%	7.1%
Finance leases	2.9%	4.4%

(1) Current lease liabilities are included in “Accrued expenses and other current liabilities.”
(2) Finance lease right-of-assets are included in “Furniture, fixtures and equipment, net”

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
Year Ending December 31,		
2022	$ 2,613	$ 399
2023	1,762	43
2024	1,152	11
2025	871	8
2026	186	—
Thereafter	—	—
Total lease payments	6,584	461
Less imputed interest	(583)	(5)
Total	6,001	456

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

NOTE 9—INTANGIBLE ASSETS

The carrying amount of intangible assets, net of accumulated amortization and impairment charges, as of December 31, 2021 and 2020 consisted of the following:

		2021				
	Estimated Useful Lives	Gross Carrying Amount	Acquisitions	Accumulated Amortization	Currency impact	Net Book Value
Amortizable intangibles:						
Customer relationships	2 to 15 years	$ 75,283	$ —	$ (68,677)	$ (111)	$ 6,495
Noncompete agreements	4 to 7 years	5,962	—	(5,960)	—	2
Software	3 to 4 years	1,660	—	(1,534)	—	126
Backlog	1 to 2 years	5,002	—	(4,981)	(21)	—
Databases	4 to 15 years	13,218	—	(7,371)	(180)	5,667
Trademark and trade names	5 years	1,490	—	(1,370)	—	120
Intangibles		$ 102,615	$ —	$ (89,893)	$ (312)	$ 12,410

		2020				
	Estimated Useful Lives	Gross Carrying Amount	Acquisitions	Accumulated Amortization	Currency impact	Net Book Value
Amortizable intangibles:						
Customer relationships	2 to 15 years	$ 73,723	$ 1,560	$ (66,705)	$ (108)	$ 8,470
Noncompete agreements	4 to 7 years	5,952	10	(5,911)	—	51
Software	3 to 4 years	1,500	160	(1,511)	—	149
Backlog	1 to 2 years	5,002	—	(4,981)	(21)	—
Databases	4 to 15 years	13,218	—	(6,852)	(172)	6,194
Trademark and trade names	5 years	1,250	240	(1,290)	—	200
Intangibles		$ 100,645	$ 1,970	$ (87,250)	$ (301)	$ 15,064

Amortization expense was $2.6 million and $3.5 million for the years ended December 31, 2021 and 2020, respectively. The estimated future amortization expense subsequent to December 31, 2021, is as follows:

2022	$ 2,110
2023	1,814
2024	1,495
2025	1,326
2026	1,201
Thereafter	4,464
	$ 12,410

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

NOTE 10—GOODWILL

The changes in the carrying amount of goodwill for the year ended December 31, 2021 and 2020 are as follows:

	2021	2020
Balance as of January 1		
Goodwill	$ 91,130	$ 85,786
Foreign currency impact	(122)	(437)
Net balance as of January 1	91,008	85,349
Acquisitions	—	5,344
Foreign currency impact and adjustments	(218)	315
	(218)	5,659
Balance as of December 31		
Goodwill	91,130	91,130
Foreign currency impact and adjustments	(340)	(122)
Net balance as of December 31	$ 90,790	$ 91,008

NOTE 11—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The components of accrued liabilities at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Accrued payroll, incentive, and vacation	$ 7,054	$ 11,630
Accrued corporate and payroll related taxes	7,931	5,459
Contingent consideration—current	2,420	2,929
Current operating lease liability	2,520	2,550
Other	9,402	7,496
	$ 29,327	$ 30,064

NOTE 12—FINANCING ARRANGEMENTS AND LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2021	December 31, 2020
Senior secured credit facility	$ 74,475	$ 78,775
Debt issuance costs	(685)	(924)
	73,790	77,851
Less current installments on long term debt	4,300	4,300
Long-term debt	$ 69,490	$ 73,551

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

Aggregate annual maturities of debt obligations by calendar year, are as follows:

	Debt
2022	$ 4,300
2023	4,300
2024	4,300
2025	61,575
	$ 74,475

On March 10, 2020, the Company amended and restated its senior secured credit facility to include a $86.0 million term facility and to increase the revolving commitments per the revolving facility (the "2020 Credit Agreement") from $30.0 million to $54.0 million. The material terms under the 2020 Credit Agreement are as follows:

- Each of the term loan facility and revolving credit facility has a maturity date of March 10, 2025 (the "Maturity Date").
- The credit facility is secured by all of the equity interests owned by the Company, and its direct and indirect domestic subsidiaries and, subject to agreed exceptions, the Company's direct and indirect "first-tier" foreign subsidiaries and a perfected first priority security interest in all of the Company's and its direct and indirect domestic subsidiaries' tangible and intangible assets.
- The Company's direct and indirect existing and future wholly owned domestic subsidiaries serve as guarantors to the Company's obligations under the senior secured facility.
- At the Company's option, the credit facility bears interest at a rate per annum equal to either (i) the "Base Rate" (which is the highest of (a) the rate publicly announced from time to time by the administrative agent as its "prime rate", (b) the Federal Funds Rate plus 0.5% per annum and (c) the Eurodollar Rate, plus 1.0%), plus the applicable margin (as defined below) or (ii) Eurodollar Rate (adjusted for maximum reserves) as determined by the Administrative Agent, plus the applicable margin. The applicable margin is adjusted quarterly based upon the Company's quarterly leverage ratio.
- The term loan is repayable in nineteen consecutive quarterly installments of $1,075,000 each that commenced on June 30, 2020 and a final payment of the outstanding principal amount of the term loan on the Maturity Date.
- Mandatory repayments of term loans shall be required from (subject to agreed exceptions) (i) 100% of the proceeds from asset sales by the Company and its subsidiaries, (ii) 100% of the net proceeds from issuances of debt and equity by the Company and its subsidiaries and (iii) 100% of the net proceeds from insurance recovery and condemnation events of the Company and its subsidiaries.
- The senior secured credit facility contains a number of covenants that, among other things, place restrictions on matters customarily restricted in senior secured credit facilities, including restrictions on indebtedness (including guarantee obligations), liens, fundamental changes, sales or disposition of property or assets, investments (including loans, advances, guarantees and acquisitions), transactions with affiliates, dividends and other payments in respect of capital stock, optional payments and modifications of other material debt instruments, negative pledges and agreements restricting subsidiary distributions and changes in line of business. In addition, the Company is required to comply with a total leverage ratio and fixed charge coverage ratio.
- The senior secured credit facility contains customary events of default, including cross-default to other material agreements, judgment default and change of control.

The Company's financial statements include outstanding borrowings of $74.5 million and $78.8 million at December 31, 2021 and December 31, 2020, respectively, which are carried at amortized cost. The fair value of debt is classified within Level 3 of the fair value hierarchy. The fair value of the Company's outstanding borrowings is approximately $73.6 million and $77.7 million at December 31, 2021 and December 31, 2020, respectively. The fair values of debt have been estimated using a discounted cash flow analysis based on the Company's incremental borrowing rate for similar borrowing arrangements. The incremental borrowing rate used to discount future cash flows is 2.0% and 2.5% for December 31, 2021 and 2020, respectively. The Company also considered recent transactions of peer group companies for similar instruments with comparable terms and maturities as well as an analysis of current market conditions and interest rates. As of December 31, 2021 and 2020, there were no borrowings under the revolver. The Company is currently in compliance with its financial covenants.

(tabular amounts in thousands, except per share data)

NOTE 13—COMMITMENTS AND CONTINGENCIES

The Company is subject to contingencies which arise through the ordinary course of business. All material liabilities of which management is aware are properly reflected in the financial statements at December 31, 2021 and 2020.

Neuralify Contingent Consideration

As of December 31, 2021, the Company has recorded a liability of $2.4 million representing the estimated fair value of contingent consideration related to the acquisition of Neuralify, all of which is classified as current and included in accrued expenses on the consolidated balance sheet.

NOTE 14—RELATED PARTY TRANSACTIONS

From time to time, the Company may have receivables and payables with employees and shareholders. The Company had outstanding receivables from related parties, including shareholders, totaling $0.2 million and $0.1 million for December 31, 2021 and 2020, respectively, and no outstanding payables. These transactions related to personal withholding taxes paid on behalf of expatriate employees.

NOTE 15—INCOME TAXES

The components of income before income taxes for the years ended December 31, 2021 and 2020 consists of the following:

	Years Ended December 31,	
	2021	2020
Domestic	$ 9,984	$ (3,361)
Foreign	13,127	9,229
Total income before income taxes	$ 23,111	$ 5,868

The components of the 2021 and 2020 income tax provision are as follows:

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

	Years Ended December 31, 2021	2020
Current:		
Federal	$ 2,194	$ (1,368)
State	617	564
Foreign	4,830	3,088
Total current provision	7,641	2,284
Deferred:		
Federal	(786)	365
State	38	(68)
Foreign	689	532
Total deferred (benefit) expense	(59)	829
Total	$ 7,582	$ 3,113

The differences between the effective tax rates reflected in the total provision for income taxes and the U.S. federal statutory rate of 21% for both years ended December 31, 2021 and 2020 were as follows:

	Years Ended December 31, 2021	2020
Tax provision computed at 21%	$ 4,853	$ 1,232
Nondeductible expenses	91	718
State income taxes, net of federal benefit	624	400
Tax impact of foreign operations	2,045	339
Valuation allowances increase (release)	52	517
Net decrease of uncertain tax positions	(31)	(34)
Other	(52)	(59)
Income tax provision	$ 7,582	$ 3,113
Effective income tax rates	32.8 %	53.1 %

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities were as follows:

	December 31, 2021	December 31, 2020
Noncurrent deferred tax asset		
Compensation related expenses	$ 1,242	$ 2,081
Foreign currency translation	2,422	1,697
U.S. foreign tax credit carryovers	1,903	1,194
Foreign net operating loss carryovers	2,208	4,943
Accruals and reserves	990	1,026
Operating lease right-of-use assets	1,651	1,396
Other	466	405
Valuation allowance for deferred tax assets	(3,315)	(3,707)
Total noncurrent deferred tax asset	7,567	9,035
Noncurrent deferred tax liability		
Depreciable assets	(468)	(699)
Prepaids	(392)	(428)
Intangible assets	(787)	(911)
Investment in foreign subsidiaries	(2,157)	(3,664)
Foreign earnings distribution taxes	(1,038)	(851)
Foreign intangibles and reserves	(1,884)	(2,888)
Operating lease liabilities	(1,468)	(1,160)
Total noncurrent deferred tax liability	(8,194)	(10,601)
Net noncurrent deferred tax liability	(627)	(1,566)
Net deferred tax liability	$ (627)	$ (1,566)

A valuation allowance was established at December 31, 2021 and 2020 due to estimates of future utilization of net operating loss carryovers in the U.S. and certain foreign jurisdictions, derived primarily from acquisitions and recorded through purchase accounting. The valuation allowance at December 31, 2021 and 2020 also includes a full valuation for the Company's foreign tax credit carryovers and foreign taxes on its controlled foreign corporations.

As of December 31, 2021, the Company has foreign net operating loss (NOL) carryforwards of approximately $11.2 million. If not utilized, these NOL carryforwards begin to expire in 2022. The Company also has a federal tax credit carryforward of approximately $1.9 million, which will begin to expire in 2026, if not utilized.

Uncertain tax positions

Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more likely than not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more likely than not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. It is the Company's policy to accrue for interest and penalties related to its uncertain tax positions within income tax expense.

(tabular amounts in thousands, except per share data)

A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period is as follows:

	December 31,	
	2021	2020
Balance, beginning of year	$ 1,569	$ 1,534
Additions as a result of tax positions taken during the current period	101	69
Reductions as a result of tax positions taken during a prior period	(31)	(34)
Balance, end of year	$ 1,639	$ 1,569

We do not expect our unrecognized tax benefits to significantly change in the next twelve months.

The Company has recognized through income tax expense approximately $0.9 million of interest and penalties related to uncertain tax positions. The amount of unrecognized tax benefit, if recognized, that would impact the effective tax rate is $1.6 million. With few exceptions, the Company is no longer subject to U.S. federal, state, local, or non-U.S. income tax examinations by tax authorities for years before 2014.

NOTE 16—STOCK-BASED COMPENSATION PLANS

The Amended and Restated 2007 Equity and Incentive Award Plan ("Incentive Plan") and Amended and Restated 2007 Employee Stock Purchase Plan ("ESPP") were approved by the Company's stockholders at our 2014 annual meeting with a subsequent amendment to the Incentive Plan approved by the Company's stockholders at our 2017 annual meeting as discussed below. Subject to the terms of the Incentive Plan, the Incentive Plan authorizes the grant of awards, which awards may be made in the form of (i) nonqualified stock options; (ii) stock options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code (stock options described in clause (i) and (ii), "options"); (iii) stock appreciation rights ("SARs"); (iv) restricted stock and/or restricted stock units; (v) other stock based awards; (vi) performance-based awards, which are equity awards or incentive awards intended to qualify for full tax deductibility by the company under Code Section 162 (m); and (vii) incentive awards, a cash-denominated award earnable by achievement of performance goals. The issuance of shares or the payment of cash upon the exercise of an award or in consideration of the cancellation or termination of an award shall reduce the total number of shares available under the Incentive Plan, as applicable. The provisions of each award will vary based on the type of award granted and will be specified by the Compensation Committee of the Board of Directors. Those awards which are based on a specific contractual term will be granted with a term not to exceed ten years. The SARs granted under the Incentive Plan are granted with an exercise price equal to the fair market value of the Common Shares at the time the SARs are granted.

At the 2020 Annual Meeting, our stockholders approved an amendment to the Incentive Plan to increase the number of shares of common stock available for issuance under the Incentive Plan by 5,500,000 shares (the "Incentive Plan Amendment"). As of December 31, 2021, there were 3,936,086 and 1,038,513 shares available for grant under the amended and restated Incentive Plan and ESPP, respectively.

The Company recognized $6.5 million and $8.9 million in employee stock-based compensation expense during the years ended December 31, 2021 and 2020, respectively. This expense was recorded in selling, general and administrative in the consolidated statement of comprehensive income.

Restricted Share Awards/Units

The Incentive Plan provides for the granting of restricted share units ("RSU"), the vesting of which is subject to conditions and limitations established at the time of the grant. Recipients of RSU awards will not have the rights of a shareholder of the Company until such date as the Common Shares are issued or transferred to the recipient. If the employee retires (at the normal retirement age stated in the applicable retirement plan or applicable law, if there is a mandatory retirement age), the restricted shares continue to vest on the same schedule as if the employee remained employed with the Company. Upon a termination of employment due to an employee's death or permanent disability, the restricted shares become 100% vested. Dividends accrue and will be paid if and when the restricted shares vest.

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

The Company also granted RSUs to specific employees which have the following characteristics:

● *Performance-Based RSU Vesting (Stock Price):* Provided the employee continues to be employed through specific date set forth in the award, the RSUs will vest on such date if specific financial performance is met, otherwise the RSUs will be forfeited.

● *Time-Based RSU Vesting:* So long as the employee continues to be employed through the fourth anniversary of the grant date, the RSUs will become 100% vested on such date.

If an employee's employment is terminated (i) at any time during the vesting period due to the employee's death, disability or retirement prior to the applicable vesting date or (ii) without cause by the Company after 50% of the relevant period has elapsed, then the RSUs will vest pro rata based on the period of time worked relative to such period. However, no shares will be distributed until the applicable pro rata vesting date (and, in the case of the Performance-Based RSUs, only if and to the extent that the performance target is achieved). In all other terminations occurring prior to the applicable vesting date, the RSUs will expire. Pursuant to the terms of the Incentive Plan, in the event of a change in control, the Compensation Committee of the Board of Directors may accelerate vesting of the outstanding awards of RSUs then held by participants. All RSUs will be payable in shares of the Company's common stock immediately upon vesting. As part of the Incentive Plan Amendment, dividends/dividend equivalents may be paid or credited on other stock-based awards (such as restricted stock units), but those dividends/dividend equivalents must be subject to the same vesting (or more stringent vesting) applicable to the underlying awards.

The fair value of RSUs is determined based on the closing price of the Company's shares on the grant date. The total fair value is amortized to expense on a straight-line basis over the vesting period.

A summary of the status of the Company's RSUs issued under its Incentive Plan as of December 31, 2021 and changes during the years then ended, is presented below:

	RSU	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2019	5,575	$ 3.22
Granted	4,249	$ 2.01
Vested	(2,634)	$ 3.68
Forfeited	(324)	$ 3.00
Non-vested at December 31, 2020	6,866	$ 2.31
Granted	1,112	$ 6.07
Vested	(3,680)	$ 2.46
Forfeited	(278)	$ 2.51
Non-vested at December 31, 2021	4,020	$ 3.20

The total fair value of RSUs vested during the years ended December 31, 2021 and 2020 was $9.0 million and $9.7 million, respectively. As of December 31, 2021, there was $8.3 million of unrecognized compensation cost related to RSUs, which is expected to be recognized over a weighted-average period of 2.3 years.

Employee Stock Purchase Plan

The Company uses the Black-Scholes option pricing model to estimate the fair value of shares expected to be issued under the Company's employee stock purchase plan. The ESPP provides that a total of 3.6 million shares of Common Stock are reserved for issuance under the plan. The ESPP, which is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code, is implemented utilizing three-month offerings with purchases occurring at three-month intervals. The ESPP administration is overseen by the Company's Compensation Committee. Employees are eligible to participate if they are employed by the Company for at least 20 hours per week and more than five months in a calendar year. The ESPP permits eligible employees to purchase Common Stock through payroll deductions, ranging from one to ten percent of their eligible earnings subject to IRS regulated cap of $25,000. The price of Common Stock purchased under the ESPP is 90% of the fair market value of the Common Stock on the applicable purchase date. Employees may end their participation in an offering at any time during the offering period, and participation ends automatically upon termination of employment. The Compensation Committee may at any time amend or terminate the ESPP, except that no such amendment or termination

INFORMATION SERVICES GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(tabular amounts in thousands, except per share data)

may adversely affect shares previously granted under the ESPP. The Company may issue new shares for the ESPP using treasury shares or newly issued shares.

For the year ended December 31, 2021, the Company issued 122,707 shares for the ESPP. There were 1,038,513 shares available for purchase at December 31, 2021 under the ESPP.

NOTE 17—SEGMENT AND GEOGRAPHICAL INFORMATION

The Company operates in one segment, fact-based sourcing advisory services. The Company operates principally in the Americas, Europe, and Asia Pacific. The Company's foreign operations are subject to local government regulations and to the economic and political uncertainties of those areas.

Geographical information for the segment is as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenues		
Americas[1]	$ 160,181	$ 141,227
Europe[2]	90,256	87,131
Asia Pacific[3]	27,395	20,770
	$ 277,832	$ 249,128
Fixed assets		
Americas	$ 2,598	$ 3,114
Europe	2,119	1,709
Asia Pacific	576	178
	$ 5,293	$ 5,001

(1) Substantially all relates to operations in the United States.

(2) Includes revenues from operations in Germany of $50.0 million and $43.5 million in 2021 and 2020, respectively. Includes revenues from operations in the United Kingdom of $15.2 million and $19.0 million in 2021 and 2020, respectively.

(3) Includes revenues from operations in Australia of $23.1 million and $16.9 million in 2021 and 2020, respectively.

The segregation of revenues by geographic region is based upon the location of the legal entity performing the services. The Company does not measure or monitor gross profit or operating income by geography or any other measure or metric, other than consolidated, for the purposes of making operating decisions or allocating resources.

(tabular amounts in thousands, except per share data)

NOTE 18—RESTRUCTURING CHARGES

2020 Restructuring Plan

In the third and fourth quarters of 2020, the Company took restructuring actions to lower our operating expenses structurally and permanently relative to revenue and to accelerate the transformation of our business (the “Restructuring Plan”). Most of these actions are based on our recent experience and learning in the COVID-19 pandemic and a resulting review of our operations, which continues to address certain operating expenses such as occupancy expense and salaries and related expenses.

A summary of the activity affecting the Company's accrued contractual termination benefit liability for the year ended December 31, 2021 is as follows:

	Restructuring Plan
Balance at January 1, 2020	$ —
Amounts accrued	2,349
Amounts paid/incurred	(2,040)
Balance at December 31, 2021	$ 309

The $2.3 million of net restructuring charges was primarily related to contractual termination benefits, and was recorded in selling, general and administrative expenses.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Purchase Agreement, dated as of April 24, 2007, as amended, by and between Registrant and MCP-TPI Holdings, LLC (previously filed as Annex A to the Registrant's Definitive Proxy Statement filed with the SEC on October 17, 2007 (Commission File Number: 001-33287), and incorporated herein by reference).
2.2	Agreement for the Sale and Purchase of the Entire Issued Share Capital of CCGH Limited, dated as of January 4, 2011, between Registrant and the persons named therein (previously filed as Exhibit 2.1 to the Registrant's Form 8-K filed with the SEC on January 4, 2011 (Commission File Number: 001-33287), and incorporated herein by reference).
2.3	Asset Purchase Agreement, dated as of February 10, 2011, among Registrant (for specific section only), and Salvaggio & Teal Ltd. (d/b/a Salvaggio, Teal & Associates), Salvaggio & Teal II, LLC, Mitt Salvaggio, Kirk Teal, Nathan Frey, International Consulting Acquisition Corp., (previously filed as Exhibit 2.1to the Registrant's Form 8-K filed with the SEC on February 11, 2011 (Commission File Number: 001-33287), and incorporated herein by reference).
2.4	Agreement and Plan of Merger, dated as of December 1, 2016, by and among Alsbridge Holdings, Inc., ISG Information Services Group Americas, Inc., Gala Acquisition Sub, Inc., and LLR Equity Partners III, L.P., as representative of the equity holders (previously filed as Exhibit 2.1 to the Registrant's Form 8-K filed with the SEC on December 2, 2016 (Commission File No. 001-33287), and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of the Company (previously filed as Exhibit 3.1 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the SEC on January 29, 2007 (Commission File Number: 333-136536), and incorporated herein by reference).
3.2	Amended and Restated By-Laws, dated as of May 13, 2013 (previously filed as Exhibit 3.1 to the Registrant's Form 8-K filed with the SEC on May 15, 2013 (Commission File Number: 001-33287), and incorporated herein by reference).
3.3	Amendment to the Amended and Restated By-Laws, dated as of November 8, 2017 (previously filed as Exhibit 3.1 to the Registrant's Form 8 K filed with the SEC on November 13, 2017 (Commission File Number: 001-33287), and incorporated herein by reference).
4.1	Specimen Common Stock Certificate (previously filed as Exhibit 4.2 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 filed with the SEC on December 22, 2006 (Commission File Number: 333-136536), and incorporated herein by reference).
4.2	Description of the Securities of the Registrant (previously filed as Exhibit 4.2 to the Registrant's Form 10-K filed with the SEC on March 11, 2020 (Commission File Number: 001-33287), and incorporated herein by reference)
10.1	Registration Rights Agreement between the Registrant and the existing Stockholders dated as of February 6, 2007 (previously filed as Exhibit 10.9 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 filed with the SEC on December 22, 2006 (Commission File Number: 333-136536), and incorporated herein by reference).
10.2#	Form of Indemnification Agreement for Directors and Officers (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on December 2, 2016 (Commission File No. 001-33287), and incorporated herein by reference).
10.3#	Amended and Restated 2007 Employee Stock Purchase Plan (previously filed as Annex B to the Registrant's Definitive Proxy Statement filed with the SEC on March 20, 2020 (Commission File Number: 001-33287), and incorporated herein by reference).
10.4#	Amended and Restated 2007 Equity and Incentive Award Plan (previously filed as Appendix A to the Registrant's Definitive Proxy Statement filed with the SEC on March 20, 2020 (Commission File Number: 001-33287), and incorporated herein by reference).
10.5*#	Form of Restricted Unit Agreement for Directors (Time Based).
10.6*#	Form of Restricted Unit Agreement for Executives (Time Based).

Exhibit Number	Description
10.7*#	Form of Restricted Stock Unit Agreement for Executives (Performance Based).
10.8#	Form of Restricted Covenant Agreement, (previously filed as Exhibit 10.3 to the Registrant's Form 8-K filed with the SEC on September 29, 2009 (Commission File Number: 001-33287), and incorporated herein by reference).
10.9*#	Retirement Agreement dated as of June 10, 2021, between the Company and David E. Berger.
10.10#	Change in Control Agreement dated as of January 7, 2011, between the Company and Michael P. Connors (previously filed as Exhibit 10.2 to the Registrant's Form 8-K filed with the SEC on January 7, 2011 (Commission File Number: 001-33287), and incorporated herein by reference).
10.11#	Form of Change in Control Agreement for officers (previously filed as Exhibit 10.15 to the Registrant's Form 10-K filed with the SEC on March 15, 2012 (Commission File Number: 001-33287), and incorporated herein by reference).
10.12#	Employment Agreement for Michael P. Connors, dated December 16, 2011 (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on December 21, 2011 (Commission File Number: 001-33287), and incorporated herein by reference).
10.13#	Amendment No. 1 to Employment Agreement for Michael P. Connors previously filed as Exhibit 10.21 to the Registrant's Form 10-K filed with the SEC on March 7, 2014 (Commission File Number: 001-33287), and incorporated herein by reference).
10.14	Securities Purchase Agreement, dated as of December 1, 2016, by and between Information Services Group, Inc. and Chevrillon & Associés SCA (previously filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on December 2, 2016 (File No. 001-33287), and incorporated herein by reference).
10.15#	Amendment No. 2 to Employment Agreement for Michael P. Connors (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on December 16, 2016 (Commission File Number: 001 33287), and incorporated herein by reference).
10.16#	Employment Letter for Thomas Kucinski, dated May 15, 2017 (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on May 15, 2017 (Commission File Number: 001-33287), and incorporated herein by reference).
10.17	Amended and Restated Credit Agreement, dated as of March 10, 2020, among Information Services Group, Inc., various lenders and Bank of America, N.A., as Administrative Agent (previously filed as Exhibit 10.22 to the Registrant's Form 10-K filed with the SEC on March 11, 2020 (Commission File Number: 001-33287), and incorporated herein by reference).
10.18#	Amendment No. 3 to Employment Agreement for Michael P. Connors (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on December 30, 2020 (Commission File Number: 001-33287), and incorporated herein by reference).
10.19#	Employment Letter for Humberto P. Alfonso, dated April 30, 2021 (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on May 5, 2021 (Commission File Number: 001-33287), and incorporated herein by reference).
11.0*	Computation of Earnings Per Share (included in Consolidated Statement of Comprehensive Income to the Consolidated Financial Statements included in Part II—Item 8 herein).
14.0	Code of Ethics and Business Conduct for Directors, Officers and Employees (previously filed as Exhibit 14.1 to the Registrant's Form 8-K filed with the SEC on August 7, 2012 (Commission File Number: 001-33287), and incorporated herein by reference).
21.1*	Subsidiaries of the Company.

Exhibit Number	Description
23.1*	Consent of Independent Registered Public Accounting Firm.
24.1*	Power of Attorney.
31.1*	Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a).
31.2*	Certification of Chief Financial Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a).
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. §1350.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. §1350.
101*	The following financial statements from ISG's Annual Report on Form 10-K for the year ended December 31, 2021, filed on March 11, 2022, formatted in XBRL (Extensible Business Reporting Language); (i) Consolidated Balance Sheet, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements.
104*	Cover Page formatted in Inline XBRL and contained in Exhibit 101 attachments.

* Filed herewith.

\# Indicates Item 15(a)(3) exhibit (management contract or compensation plan or arrangement).

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Stamford, in the State of Connecticut on March 11, 2022.

INFORMATION SERVICES GROUP, INC.

By: /s/ MICHAEL P. CONNORS
Michael P. Connors
Chairman and Chief Executive Officer

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

Name	Position	Date
/s/ MICHAEL P. CONNORS Michael P. Connors	Chairman and Chief Executive Officer (Principal Executive Officer)	March 11, 2022
/s/ HUMBERTO P. ALFONSO Humberto P. Alfonso	Executive Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 11, 2022
*NEIL G. BUDNICK Neil G. Budnick	Director	March 11, 2022
*GERALD S. HOBBS Gerald S. Hobbs	Director	March 11, 2022
*KALPANA RAINA Kalpana Raina	Director	March 11, 2022
*DONALD C. WAITE III Donald C. Waite III	Director	March 11, 2022
*CHRISTINE PUTUR Christine Putur	Director	March 11, 2022
*BRUCE N. PFAU Bruce N. Pfau	Director	March 11, 2022

*By: /s/ MICHAEL P. CONNORS
Michael P. Connors**

** By authority of the power of attorney filed as Exhibit 24.1 hereto

INFORMATION SERVICES GROUP, INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at Beginning of Period	Charges to Costs and Expenses	Additions/ (Deductions)	Balance at End of Period
Year ended December 31, 2021				
Allowance for doubtful accounts	$ 368	138	(466)	$ 40
Allowance for tax valuation	$ 3,707	52	(444)	$ 3,315
Year ended December 31, 2020				
Allowance for doubtful accounts	$ 343	817	(792)	$ 368
Allowance for tax valuation	$ 3,989	517	(799)	$ 3,707

Exhibit 10.5

RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the “Agreement”) is made effective as of [•] (the “Grant Date”), between Information Services Group, Inc., a Delaware corporation (“ISG”) (hereinafter called the “Company”), and [•], a member of the Board who is not an employee of the Company, hereinafter referred to as the “Grantee”. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan (as defined below).

WHEREAS, the Company desires to grant the Grantee a restricted stock unit award as provided for hereunder (the “Restricted Stock Unit Award”), ultimately payable in shares of common stock of the Company, par value $0.001 per share (the “Common Stock” or “Shares”), pursuant to the terms set forth herein and to the 2007 Information Services Group, Inc. Equity Incentive Plan (the “Plan”), the terms of which are hereby incorporated by reference and made a part of this Agreement;

WHEREAS, the committee of the Company’s Board appointed to administer the Plan (the “Committee”), has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Restricted Stock Unit Award provided for herein to the Grantee, and has advised the Company thereof and instructed the undersigned officers to grant said Restricted Stock Unit Award.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Grant of the Restricted Stock Units.

Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, the Company hereby grants to the Grantee [•] Restricted Stock Units (hereinafter called “RSUs”). The RSUs shall vest and become nonforfeitable in accordance with Section 2 hereof.

2. Vesting.

(a) So long as the Grantee continues to be a member of the Board, the RSUs shall become vested and nonforfeitable in three equal installments on each of the first, second and third anniversaries of the Grant Date (each anniversary of the Grant Date, a “Vesting Date”); provided however, that the RSUs shall become 100% vested and nonforfeitable upon the earliest to occur of (i) the date the Grantee ceases to be a member of the Board due to the Grantee’s death, Disability or Retirement (as defined below), and (ii) a Change in Control (any such date, an “Acceleration Date”).

(b) If, prior to the occurrence of the third anniversary of the Grant Date (or any Acceleration Date), the Grantee ceases to be a member of the Board for any reason other than due to the Grantee’s death, Disability or Retirement (as defined below), the RSUs shall, to the extent not then vested, be forfeited by the Grantee without consideration therefor; provided, however, the Board may exercise its discretion and accelerate the vesting of any portion of the grant which is unvested.

(c) For purposes of this Agreement, “Retirement” shall mean a voluntary resignation from the Board at the age of seventy-five (75) or older.

(d) In no event shall the Grantee receive any distribution of Shares subject to any vested RSUs until the Vesting Date or Acceleration Date, as applicable, at which time the Company shall, as promptly as administratively practicable (but in no event later than March 14 of the calendar year following the calendar year in which such Vesting Date or Acceleration Date occurs) deliver such Shares to the Grantee.

3. Equivalents. The Participant shall have the right to be credited with dividend equivalents equal to the dividends paid by the Company that the Participant would have received if, on the corresponding dividend payment due date, the Participant had been the owner of a number of Shares equal to the number of RSUs awarded to the Participant pursuant to the Agreement for which Shares have not been previously delivered pursuant to Section 2(d) of the Agreement (the "Dividend Equivalents"). Any Dividend Equivalents deriving from a cash dividend shall be converted to RSUs based on the Fair Market Value of Shares on the dividend payment date (or, if the dividend payment date is not a day during which the NASDAQ is open for trading (such an open day, a "NASDAQ Trading Day"), then on the first NASDAQ Trading Day following the dividend payment date). Subject to any provisions of the Plan relating to adjustments of Awards (including Section 9 of the Plan), any Dividend Equivalents deriving from a dividend of Shares shall be converted into additional RSUs on a one-for-one basis. The Participant shall continue to be credited with Dividend Equivalents until the date of delivery of the corresponding Shares pursuant to Section 2(d) of the Agreement or until earlier forfeiture or cancellation of the RSUs. Notwithstanding the foregoing, as determined by the Board or the Committee, such Dividend Equivalents may be paid in the form of cash instead of RSUs, or a combination of cash and RSUs. The Dividend Equivalents so credited shall be subject to the same terms and conditions as the corresponding RSUs, and shall vest and be settled Dividend (or if applicable, be cancelled or forfeited) in the same manner and at the same time as the corresponding RSUs, as if the Dividend Equivalents had been granted at the same time as the Restricted Stock Unit Award.

4. Change in Capitalization; Corporate Transactions. If there occurs an event as described in Section 9 of the Plan, the provisions of Section 9 shall govern the treatment of this RSU Award.

5. Limitation on Obligations. The Company's obligation with respect to the RSUs granted hereunder is limited solely to the delivery to the Grantee of shares of Common Stock on the date when such shares are due to be delivered hereunder, and in no way shall the Company become obligated to pay cash in respect of such obligation unless otherwise provided under Section 9 of the Plan and permitted under Section 409A of the Code. This RSU Award shall not be secured by any specific assets of the Company or any of its Affiliates, nor shall any assets of the Company or any of its Affiliates be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement.

6. Rights as a Stockholder. The Grantee shall not have any rights of a common stockholder of the Company unless and until the Grantee becomes entitled to receive the shares of Common Stock pursuant to Section 2 above.

7. Transferability. The RSUs may not, at any time prior to becoming vested pursuant to Section 2 or thereafter, be transferred, sold, assigned, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is made to a trust or other estate planning vehicle and otherwise complies with the provisions of this Agreement.

8. Grantee's Continued Service on the Board. Nothing contained in this Agreement or in any other agreement entered into by the Company and the Grantee guarantees that the Grantee will continue to serve as a member of the Board for any specified period of time.

9. Withholding. It shall be a condition of the obligation of the Company upon delivery of Common Stock to the Grantee pursuant to Section 2 above that the Grantee pay to the Company such amount as may be requested by the Company for the purpose of satisfying any liability for any federal, state or local income or other taxes required by law to be withheld or paid by the Company with respect to such Common Stock. The Company shall be authorized to take such action as may be necessary, in the opinion of the Company's counsel (including, without limitation, withholding Common Stock otherwise deliverable to the Grantee hereunder and/or withholding amounts from any compensation or other amount owing from the Company to the Grantee), to satisfy the obligations for payment of the minimum amount of any such taxes. In addition, if the Company's accountants determine that there would be no adverse accounting implications to the Company, or if the Company otherwise in its discretion allows the following to be so, the Grantee may be permitted to elect to use Common Stock otherwise deliverable to the Grantee hereunder to satisfy any such obligations, subject to such procedures as the Company's accountants may require. The Grantee is hereby advised to seek his or her own tax counsel regarding the taxation of the grant of RSUs made hereunder.

10. Securities Laws. Upon the delivery of any Common Stock to the Grantee, the Company may require the Grantee to make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement. The delivery of the Common Stock hereunder shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.

11. Section 409A of the Code. In the event that it is reasonably determined by the Company that, as a result of the deferred compensation tax rules under Section 409A of the Internal Revenue Code of 1986, as amended (and any related regulations or other pronouncements thereunder) ("the Deferred Compensation Tax Rules"), benefits that the Grantee is entitled to under the terms of this Agreement may not be made at the time contemplated by the terms hereof or thereof, as the case may be, without causing Grantee to be subject to tax under the Deferred Compensation Tax Rules, the Company shall, in lieu of providing such benefit when otherwise due under this Agreement, instead provide such benefit on the first day on which such provision would not result in the Grantee incurring any tax liability under the Deferred Compensation Tax Rules; which day, if the Grantee is a "specified Grantee" within the meaning of the Deferred Compensation Tax Rules, may, in the event the benefit to be provided is due to the Grantee's separation from service with the Company and its Affiliates, be the first day following the six-month period beginning on the date of such separation from service.

12. Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel at the principal executive office of the Company, and any notice to be given to the Grantee shall be addressed to him or her at the address appearing in the personnel records of the Company for the Grantee. By a notice given pursuant to this Section 12, either party may hereafter designate a different address for notices to be given to him or her. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 12. Any notice shall have been deemed duly given when delivered by hand or courier or when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

13. Governing Law. The laws of the State of Delaware (or if the Company reincorporates in another state, the laws of that state) shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

14. Restricted Stock Unit Award Subject to Plan. The Restricted Stock Unit Award and the RSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. Amendment. This Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Agreement.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Company and the Grantee have duly executed and delivered this Agreement as of the day and year first above written.

INFORMATION SERVICES GROUP, INC.

By: ______________________________
Name: Thomas Kucinski
Title: Chief Human Resources Officer

GRANTEE

[•]

Exhibit 10.6

RESTRICTED STOCK UNIT AWARD AGREEMENT

(Time-Based)

THIS AGREEMENT (the "Agreement") is made, effective as of [•] (the "Grant Date") between Information Services Group, Inc., a Delaware corporation (the "Company"), and [•] an employee of the Company or an Affiliate of the Company, hereinafter referred to as the "Participant".

WHEREAS, the Company desires to grant the Participant a restricted stock unit award as provided for hereunder (the "Restricted Stock Unit Award"), ultimately payable in shares of common stock of the Company, par value $0.001 per share (the "Common Stock" or "Shares"), pursuant to the terms set forth herein and to the Amended and Restated 2007 Equity and Incentive Award Plan (as amended from time to time, the "Plan"), the terms of which are hereby incorporated by reference and made a part of this Agreement (capitalized terms not otherwise defined herein shall have the same meanings as in the Plan);

WHEREAS, the committee of the Company's board of directors appointed to administer the Plan (the "Committee"), has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Restricted Stock Unit Award provided for herein to the Participant as an incentive for increased efforts during his or her term of services with the Company or its Affiliates, and has advised the Company thereof and instructed the undersigned officers to grant said Restricted Stock Unit Award.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Grant of Restricted Stock Units; Conditions to Grant.

(a) Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, effective as of the Grant Date, the Company hereby grants to the Participant [•] Restricted Stock Units (the "RSUs"). Each RSU represents the right to receive one share of Common Stock upon the vesting of such RSUs in accordance with Section 2 hereof.

(b) Notwithstanding any other provision of this Agreement to the contrary, the Participant's rights to vest under this Agreement will be subject at all times to the Participant's compliance with that certain Restrictive Covenant Agreement entered into by and between the Participant and the Company on or prior to the date herewith (as such agreement may be amended or supplemented from time to time) and with any other restrictive covenants pursuant to which the Participant is bound (collectively, the "Restrictive Covenants"), and the Participant, by executing this Agreement, agrees and acknowledges that this Award may be subject to forfeiture in the event of the Participant's breach of such Restrictive Covenants.

2. Vesting; Delivery of Shares

(a) Unless otherwise provided in this agreement, the RSUs shall vest with respect to xxx percent (xx%) on [Date], so long as the Participant remains employed with or providing services for the Company or any of its Affiliates on that date.

(b) For purposes of this Agreement:

"Cause" shall mean "Cause" as such term may be defined in any employment agreement or other agreement in effect at the time of termination of employment between the Participant and the Company or any of its Affiliates, or, if there is no such employment or other agreement, "Cause" shall mean, with respect to the Participant: (a) willful and continued failure to perform his or her material duties with respect to the Company or its Affiliates which continues beyond ten business days after a written demand for substantial performance is delivered to the Participant by the Company; (b) any act involving fraud or material dishonesty in connection with the business of the Company or its Affiliates; (c) a material violation of the Company's code of conduct or other policy; (d) assault or other unlawful act of violence; or (e) conviction of, or a plea of *nolo contendere* to, any felony whatsoever or any misdemeanor that would preclude employment under the Company's hiring policy.

"Retirement" shall have the meaning as defined in the retirement plan that applies to the Participant or such other retirement age as required by law.

(c) In no event shall the Participant receive any distribution of Shares subject to any RSUs until their vesting, at which time the Company shall, as promptly as administratively practicable, but in no event later than 15 business days following each applicable vesting date, deliver such Shares to the Participant.

3. Dividend Equivalents. The Participant shall have the right to be credited with dividend equivalents equal to the dividends paid by the Company that the Participant would have received if, on the corresponding dividend payment due date, the Participant had been the owner of a number of Shares equal to the number of RSUs awarded to the Participant pursuant to the Agreement for which Shares have not been previously delivered pursuant to Section 2(d) of the Agreement (the "Dividend Equivalents"). Any Dividend Equivalents deriving from a cash dividend shall be converted to RSUs based on the Fair Market Value of Shares on the dividend payment date (or, if the dividend payment date is not a day during which the NASDAQ is open for trading (such an open day, a "NASDAQ Trading Day"), then on the first NASDAQ Trading Day following the dividend payment date). Subject to any provisions of the Plan relating to adjustments of Awards (including Section 9 of the Plan), any Dividend Equivalents deriving from a dividend of Shares shall be converted into additional RSUs on a one-for-one basis. The Participant shall continue to be credited with Dividend Equivalents until the date of delivery of the corresponding Shares pursuant to Section 2(d) of the Agreement or until earlier forfeiture or cancellation of the RSUs. Notwithstanding the foregoing, as determined by the Board or the Committee, such Dividend Equivalents may be paid in the form of cash instead of RSUs, or a combination of cash and RSUs. The Dividend Equivalents so credited shall be subject to the same terms and conditions as the corresponding RSUs, and shall vest and be settled (or if applicable, be cancelled or forfeited) in the same manner and at the same time as the corresponding RSUs, as if the Dividend Equivalents had been granted at the same time as the Restricted Stock Unit Award.

4. Change in Capitalization; Corporate Transactions.

(a) *Adjustments*. If there occurs an event as described in Section 9(a) of the Plan, the provisions of Section 9(a) shall govern the treatment of the RSUs.

(b) *Assumption of RSU by Acquirer*. Provided that the Participant remains employed by or providing services to the Company or its Affiliates on the closing date of a Change in Control, any unvested portion of the RSU that is assumed by the successor entity shall continue to vest in accordance with the terms of Section 2 of this Agreement; provided that, in the event that the Participant is terminated without Cause or for Good Reason or due to Participant's death or Disability within 24 months following the closing date of a Change in Control, any unvested portion of the RSUs shall be 100% vested on such termination date.

(c) *No Assumption of RSU by Acquirer.* Provided that the Participant remains employed by or providing services to the Company or its Affiliates on the closing date of a Change in Control, any unvested portion of the RSUs that are not assumed by the successor entity shall be 100% vested immediately prior to the closing of such Change in Control.

5. Limitation on Obligations. The Company's obligation with respect to the RSUs granted hereunder is limited solely to the delivery to the Participant of shares of Common Stock on the date when such shares are due to be delivered hereunder, and in no way shall the Company become obligated to pay cash in respect of such obligation unless otherwise provided under Section 9 and permitted under Section 409A of the Code. The RSUs shall not be secured by any specific assets of the Company or any of its Affiliates, nor shall any assets of the Company or any of its Affiliates be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement.

6. Rights as a Stockholder. The Participant shall not have any rights of a common stockholder of the Company unless and until the Participant becomes entitled to receive the shares of Common Stock pursuant to Section 2 above.

7. Transferability; Successors and Assigns. The RSUs may not be assigned, alienated, pledged, attached, sold, transferred, encumbered, hypothecated or otherwise disposed of by the Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer, encumbrance, hypothecation or disposition shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. This Section 7 shall not prevent transfers by will or by the applicable laws of descent and distribution. The shares of Common Stock acquired by the Participant pursuant to Section 2 of this Agreement may not at any time be assigned, alienated, pledged, attached, sold, transferred, encumbered, hypothecated or otherwise disposed of by the Participant other than in compliance with applicable securities laws. This Agreement shall be binding on all successors and assigns of the Company and the Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

8. No Right to Continued Employment or Services or Other Equity Awards. The granting of the RSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to (a) continue the employment or services of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the employment or services of such Participant or (b) to make any future Share or Share-based awards to the Participant, and this grant of RSUs does not constitute any increase of annual compensation or benefits to be provided to the Participant.

9. Withholding. It shall be a condition of the obligation of the Company upon delivery of Common Stock to the Participant pursuant to Section 2 above that the Participant pay to the Company such amount as may be requested by the Company for the purpose of satisfying any liability for any federal, state or local income or other taxes required by law to be withheld with respect to such Common Stock. The Company shall be authorized to take such action as may be necessary, in the opinion of the Company's counsel (including, without limitation, withholding Common Stock otherwise deliverable to the Participant hereunder and/or withholding amounts from any compensation or other amount owing from the Company to the Participant), to satisfy the obligations for payment of the

minimum amount of any such taxes. In addition, if the Company's accountants determine that there would be no adverse accounting implications to the Company, or if the Company otherwise in its discretion allows the following to be so, the Participant may be permitted to elect to use Common Stock otherwise deliverable to the Participant hereunder to satisfy any such withholding obligations, subject to such procedures as the Company's accountants may require. The Participant is hereby advised to seek his or her own tax counsel regarding the taxation of the grant of RSUs made hereunder.

10. Securities Laws. Upon the delivery of any Common Stock to the Participant, the Company may require the Participant to make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement. The delivery of the Common Stock hereunder shall be subject to all applicable laws, rules, and regulations and to such approvals of any governmental agencies as may be required.

11. Section 409A of the Code. In the event that it is reasonably determined by the Company that, as a result of the deferred compensation tax rules under Section 409A of the Internal Revenue Code of 1986, as amended (and any related regulations or other pronouncements thereunder) (the "Deferred Compensation Tax Rules"), benefits that the Participant is entitled to under the terms of this Agreement may not be made at the time contemplated by the terms hereof or thereof, as the case may be, without causing the Participant to be subject to tax under the Deferred Compensation Tax Rules, the Company shall, in lieu of providing such benefit when otherwise due under this Agreement, instead provide such benefit on the first day on which such provision would not result in the Participant incurring any tax liability under the Deferred Compensation Tax Rules; which day, if the Participant is a "specified employee" within the meaning of the Deferred Compensation Tax Rules, may, in the event the benefit to be provided is due to the Participant's separation from service with the Company and its Affiliates, be the first day following the six-month period beginning on the date of such separation from service.

12. Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel at the principal executive office of the Company, and any notice to be given to the Participant shall be addressed to him or her at the address appearing in the personnel records of the Company for the Participant. By a notice given pursuant to this Section 12, either party may hereafter designate a different address for notices to be given to him or her. Any notice which is required to be given to the Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 12. Any notice shall have been deemed duly given when delivered by hand or courier or when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

13. Governing Law. The laws of the State of Delaware (or if the Company reincorporates in another state, the laws of that state) shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

14. Restricted Stock Unit Award Subject to Plan. The Restricted Stock Unit Award and the RSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. Amendment. This Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Agreement.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page*.]

IN WITNESS WHEREOF, the Company and the Participant have duly executed and delivered this Agreement as of the day and year first above written.

INFORMATION SERVICES GROUP, INC.

By: ______________________________

Name: Thomas Kucinski

Title: Executive Vice President and Chief HR Officer

PARTICIPANT:

By: ______________________________

Name: [•]

Exhibit 10.7

RESTRICTED STOCK UNIT AWARD AGREEMENT

(Performance-Based)

THIS AGREEMENT (the "Agreement") is made, effective as of [•] (the "Grant Date") between Information Services Group, Inc., a Delaware corporation (the "Company"), and [•]**,** an employee of the Company or an Affiliate of the Company, hereinafter referred to as the "Participant".

WHEREAS, the Company desires to grant the Participant a restricted stock unit award as provided for hereunder (the "Restricted Stock Unit Award"), ultimately payable in shares of common stock of the Company, par value $0.001 per share (the "Common Stock" or "Shares"), pursuant to the terms set forth herein and to the Amended and Restated 2007 Equity and Incentive Award Plan (as amended from time to time, the "Plan"), the terms of which are hereby incorporated by reference and made a part of this Agreement (capitalized terms not otherwise defined herein shall have the same meanings as in the Plan);

WHEREAS, the committee of the Company's board of directors appointed to administer the Plan (the "Committee"), has determined that it would be to the advantage and best interest of the Company and its shareholders to grant the Restricted Stock Unit Award provided for herein to the Participant as an incentive for increased efforts during his or her term of services with the Company or its Affiliates, and has advised the Company thereof and instructed the undersigned officers to grant said Restricted Stock Unit Award.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Grant of Restricted Stock Units; Conditions to Grant.

(a) Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, effective as of the Grant Date, the Company hereby grants to the Participant [•] Restricted Stock Units (the "RSUs"). Each RSU represents the right to receive one share of Common Stock upon the vesting of such RSUs in accordance with Section 2 hereof.

(b) Notwithstanding any other provision of this Agreement to the contrary, the Participant's rights to vest under this Agreement will be subject at all times to the Participant's compliance with that certain Restrictive Covenant Agreement entered into by and between the Participant and the Company on or prior to the date herewith (as such agreement may be amended or supplemented from time to time) and with any other restrictive covenants pursuant to which the Participant is bound (collectively, the "Restrictive Covenants"), and the Participant, by executing this Agreement, agrees and acknowledges that this Award may be subject to forfeiture in the event of the Participant's breach of such Restrictive Covenants.

2. Vesting; Delivery of Shares

(a) Unless otherwise provided in this agreement, the number of RSUs shall be determined according to the attached Schedule A. Except as otherwise provided herein, upon any termination of the Participant's employment or services, any unvested RSUs shall be forfeited by the Participant without payment therefore.

(b) For purposes of this Agreement:

"Cause" shall mean "Cause" as such term may be defined in any employment agreement or other agreement in effect at the time of termination of employment between the Participant and the Company or any of its Affiliates, or, if there is no such employment or other agreement, "Cause" shall mean, with respect to the Participant: (a) willful and continued failure to perform his or her material duties with respect to the Company or its Affiliates which continues beyond ten business days after a written demand for substantial performance is delivered to the Participant by the Company; (b) any act involving fraud or material dishonesty in connection with the business of the Company or its Affiliates; (c) a material violation of the Company's code of conduct or other policy; (d) assault or other unlawful act of violence; or (e) conviction of, or a plea of *nolo contendere* to, any felony whatsoever or any misdemeanor that would preclude employment under the Company's hiring policy.

"Retirement" shall have the meaning as defined in the retirement plan that applies to the Participant or such other retirement age as required by law.

(c) In no event shall the Participant receive any distribution of Shares subject to any RSUs until their vesting, at which time the Company shall, as promptly as administratively practicable, but in no event later than 15 business days following each applicable vesting date, deliver such Shares to the Participant.

3. Dividend Equivalents. The Participant shall have the right to be credited with dividend equivalents equal to the dividends paid by the Company that the Participant would have received if, on the corresponding dividend payment due date, the Participant had been the owner of a number of Shares equal to the number of RSUs awarded to the Participant pursuant to the Agreement for which Shares have not been previously delivered pursuant to Section 2(d) of the Agreement (the "Dividend Equivalents"). Any Dividend Equivalents deriving from a cash dividend shall be converted to RSUs based on the Fair Market Value of Shares on the dividend payment date (or, if the dividend payment date is not a day during which the NASDAQ is open for trading (such an open day, a "NASDAQ Trading Day"), then on the first NASDAQ Trading Day following the dividend payment date). Subject to any provisions of the Plan relating to adjustments of Awards (including Section 9 of the Plan), any Dividend Equivalents deriving from a dividend of Shares shall be converted into additional RSUs on a one-for-one basis. The Participant shall continue to be credited with Dividend Equivalents until the date of delivery of the corresponding Shares pursuant to Section 2(d) of the Agreement or until earlier forfeiture or cancellation of the RSUs. Notwithstanding the foregoing, as determined by the Board or the Committee, such Dividend Equivalents may be paid in the form of cash instead of RSUs, or a combination of cash and RSUs. The Dividend Equivalents so credited shall be subject to the same terms and conditions as the corresponding RSUs, and shall vest and be settled (or if applicable, be cancelled or forfeited) in the same manner and at the same time as the corresponding RSUs, as if the Dividend Equivalents had been granted at the same time as the Restricted Stock Unit Award.

4. Change in Capitalization; Corporate Transactions.

(a) *Adjustments*. If there occurs an event as described in Section 9(a) of the Plan, the provisions of Section 9(a) shall govern the treatment of the RSUs.

(b) *Change in Control*. Provided that the Participant remains employed by or providing services to the Company or its Affiliates on the closing date of a Change in Control, any unvested portion of the RSU shall be vested based on the higher of (i) the Price Target or (ii) the price per Share being paid by the acquirer in such Change in Control.

5. Limitation on Obligations. The Company's obligation with respect to the RSUs granted hereunder is limited solely to the delivery to the Participant of shares of Common Stock on the date when such shares are due to be delivered hereunder, and in no way shall the Company become obligated to pay cash in respect of such obligation unless otherwise provided under Section 9 and permitted under Section 409A of the Code. The RSUs shall not be secured by any specific assets of the Company or any of its Affiliates, nor shall any assets of the Company or any of its Affiliates be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement.

6. Rights as a Stockholder. The Participant shall not have any rights of a common stockholder of the Company unless and until the Participant becomes entitled to receive the shares of Common Stock pursuant to Section 2 above.

7. Transferability; Successors and Assigns. The RSUs may not be assigned, alienated, pledged, attached, sold, transferred, encumbered, hypothecated or otherwise disposed of by the Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer, encumbrance, hypothecation or disposition shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. This Section 7 shall not prevent transfers by will or by the applicable laws of descent and distribution. The shares of Common Stock acquired by the Participant pursuant to Section 2 of this Agreement may not at any time be assigned, alienated, pledged, attached, sold, transferred, encumbered, hypothecated or otherwise disposed of by the Participant other than in compliance with applicable securities laws. This Agreement shall be binding on all successors and assigns of the Company and the Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

8. No Right to Continued Employment or Services or Other Equity Awards. The granting of the RSUs evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to (a) continue the employment or services of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the employment or services of such Participant or (b) to make any future Share or Share-based awards to the Participant, and this grant of RSUs does not constitute any increase of annual compensation or benefits to be provided to the Participant.

9. Withholding. It shall be a condition of the obligation of the Company upon delivery of Common Stock to the Participant pursuant to Section 2 above that the Participant pay to the Company such amount as may be requested by the Company for the purpose of satisfying any liability for any federal, state or local income or other taxes required by law to be withheld with respect to such Common Stock. The Company shall be authorized to take such action as may be necessary, in the opinion of the Company's counsel (including, without limitation, withholding Common Stock otherwise deliverable to the Participant hereunder and/or withholding amounts from any compensation or other amount owing from the Company to the Participant), to satisfy the obligations for payment of the minimum amount of any such taxes. In addition, if the Company's accountants determine that there would be no adverse accounting implications to the Company, or if the Company otherwise in its discretion allows the following to be so, the Participant may be permitted to elect to use Common Stock otherwise deliverable to the Participant hereunder to satisfy any such withholding obligations, subject to such procedures as the Company's accountants may require. The Participant is hereby advised to seek his or her own tax counsel regarding the taxation of the grant of RSUs made hereunder.

10. Securities Laws. Upon the delivery of any Common Stock to the Participant, the Company may require the Participant to make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement. The delivery of the Common Stock hereunder shall be subject to all applicable laws, rules, and regulations and to such approvals of any governmental agencies as may be required.

11. Section 409A of the Code. In the event that it is reasonably determined by the Company that, as a result of the deferred compensation tax rules under Section 409A of the Internal Revenue Code of 1986, as amended (and any related regulations or other pronouncements thereunder) (the "Deferred Compensation Tax Rules"), benefits that the Participant is entitled to under the terms of this Agreement may not be made at the time contemplated by the terms hereof or thereof, as the case may be, without causing the Participant to be subject to tax under the Deferred Compensation Tax Rules, the Company shall, in lieu of providing such benefit when otherwise due under this Agreement, instead provide such benefit on the first day on which such provision would not result in the Participant incurring any tax liability under the Deferred Compensation Tax Rules; which day, if the Participant is a "specified employee" within the meaning of the Deferred Compensation Tax Rules, may, in the event the benefit to be provided is due to the Participant's separation from service with the Company and its Affiliates, be the first day following the six-month period beginning on the date of such separation from service.

12. Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel at the principal executive office of the Company, and any notice to be given to the Participant shall be addressed to him or her at the address appearing in the personnel records of the Company for the Participant. By a notice given pursuant to this Section 12, either party may hereafter designate a different address for notices to be given to him or her. Any notice which is required to be given to the Participant shall, if the Participant is then deceased, be given to the Participant's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 12. Any notice shall have been deemed duly given when delivered by hand or courier or when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

13. Governing Law. The laws of the State of Delaware (or if the Company reincorporates in another state, the laws of that state) shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

14. Restricted Stock Unit Award Subject to Plan. The Restricted Stock Unit Award and the RSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

15. Amendment. This Agreement may be amended only by a writing executed by the parties hereto which specifically states that it is amending this Agreement.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on next page*.]

IN WITNESS WHEREOF, the Company and the Participant have duly executed and delivered this Agreement as of the day and year first above written.

INFORMATION SERVICES GROUP, INC.

By: ______________________________

Name: Thomas Kucinski

Title: Executive Vice President and Chief HR Officer

PARTICIPANT:

By: ______________________________

Name: [•]

Restricted Stock Unit Award Agreement

Performance-based

([•])

Schedule A

Ability to earn additional shares according to the schedule below:

Thomas S. Kucinski
Executive Vice President –
Chief Human Resources Officer

Exhibit 10.9

June 10, 2021

David. E. Berger
12 Byron Lane
Larchmont, NY 10538

Re: Retirement and General Release

Dear David:

I want to extend my deepest gratitude to you for your long and valued service to Information Services Group, Inc. (the "Company" or "ISG"). This retirement and release letter (this "Letter") is to memorialize our mutual agreement regarding your retirement from the Company.

1. Retirement. Your retirement date with the Company will be June 11, 2021 (the "Retirement Date"). The Retirement Date will be the termination date of your employment.

2. Retirement Payment. From and after the Retirement Date and in consideration for your execution of the general release of claims as provided in Paragraph 4, your continued compliance with any restrictive covenant arrangements between you and the Company and the other promises contained herein, you (or your estate upon your death) will receive $925,000 in the aggregate, subject to Section 3, payable in twenty-four (24) equal installments coinciding with the normal payroll dates of the Company. The first such installment shall be made on the first such payroll date that occurs after the thirtieth (30th) day following your Retirement Date (such thirtieth (30th) day, the "Release Date"); provided, however, that such installment payments shall be due only if such general release of claims has become irrevocable by the Release Date.

3. Compensation or Benefits; Withholding. You acknowledge that, except as expressly provided in this Letter Agreement or as otherwise required by applicable law, you are not entitled to receive any additional compensation or other benefits of any kind following the Retirement Date. The Company may withhold from any and all amounts payable under this Letter or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation. Notwithstanding the foregoing, nothing in this Letter is intended, or should be construed, to limit any right you may have under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") to continue you coverage under the Company's benefit plans.

4. Release. This Letter (including the payments set forth herein) is conditioned on you signing and returning the General Release of Claims attached hereto as Exhibit A within 21 days following the Retirement Date and not revoking it during the seven (7) day revocation period thereafter. The General Release of Claims will not be effective or accepted (and you will not be entitled to the payments set forth in this Letter) if signed by you prior to the Retirement Date.

5. **Restrictive Covenants.** You hereby reaffirm and incorporate by reference into this Letter your obligations under that certain Restrictive Covenant Agreement between you and the Company.

6. **Miscellaneous**. This Letter and all of the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Letter may be amended only with the express written consent of the parties hereto. This Letter, the rights and obligations of the parties hereto and any claims or disputes relating thereto shall be governed by and construed in accordance with laws of the State of New York without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the State of New York.

7. **Section 409A**. This Letter is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), or be exempt from Section 409A, and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Letter, payments provided under this Letter may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Letter that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Letter shall each be treated as a separate payment. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Letter comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A. References to the "termination date" of your employment from the Company and any correlative terms shall mean a "separation from service" within the meaning of Section 409A.

8. **Entire Agreement**. Except as otherwise expressly provided herein, this Letter and the exhibit attached hereto constitute the entire agreement between you and the Company with respect to the subject matter hereof and supersede any and all prior agreements or understandings between you and the Company with respect to the subject matter hereof, whether written or oral. This Letter will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, and their respective heirs, successors and assigns; provided that, you may not assign your rights or obligations hereunder. This Letter may be amended or modified only by a written instrument executed by you and the Company.

* * * * *

Signature Page to Follow

Thomas S. Kucinski
Executive Vice President –
Chief Human Resources Officer

On behalf of the Company, we thank you again for your dedicated service.

Very truly yours,

Information Services Group, Inc.

By: Tom Kucinski
Name: Thomas Kucinski
Title: Executive Vice President and Chief Human Resources Officer

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of my retirement from employment with the Company, and I hereby confirm my agreement to the same.

Dated: June __, 2021 ______________________________
David E. Berger

Information Services Group, Inc.
2187 Atlantic Street
8th Floor
Stamford, CT 06902
203-517-3108

Thomas S. Kucinski
Executive Vice President –
Chief Human Resources Officer

EXHIBIT A

GENERAL RELEASE

DAVID BERGER (the "Executive") agrees for the Executive, the Executive's spouse and child or children (if any), the Executive's heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns, hereby forever to release, discharge, and covenant not to sue Information Services Group Inc. (the "Company"), the Company's past, present, or future parent, affiliated, related, and/or subsidiary entities, and all of their past and present directors, shareholders, officers, general or limited partners, employees, agents, insurers and attorneys, and agents and representatives of such entities, in such capacities, and employee benefit plans in which the Executive is or has been a participant by virtue of his employment with the Company and benefit plan administrators, and the successors of the Company or any of the foregoing entities (collectively, the "Releasees"), from any and all claims, debts, demands, accounts, judgments, rights, causes of action, equitable relief, damages, costs, charges, complaints, obligations, promises, agreements, controversies, suits, expenses, compensation, responsibility and liability of every kind and character whatsoever (including attorneys' fees and costs), whether in law or equity, known or unknown, asserted or unasserted, suspected or unsuspected, which the Executive has or may have had against the Company or the Releasees based on any events or circumstances arising or occurring on or prior to the date this Release is executed, arising directly or indirectly out of, relating to, or in any other way involving in any manner whatsoever the Executive's employment with the Company or the termination thereof, the Executive's status at any time as a holder of any securities of the Company, or otherwise. This includes, but is not limited to, a release of any and all claims arising under the laws of the United States, any other country, or any state, or locality relating to employment, or securities, including, without limitation, claims of wrongful discharge, breach of express or implied contract (whether oral or written), fraud, misrepresentation, defamation, or liability in tort, common law or public policy, claims of any kind that may be brought in any court or administrative agency, any claims arising under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Fair Labor Standards Act, the Executive Retirement Income Security Act, the Family and Medical Leave Act, the Delaware Discrimination in Employment Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act, and similar statutes, ordinances, and regulations of the United States, any other country, or any state or locality. This release of claims further includes, but is not limited to, Executive's waiver of any right or claim to compensation, wages, back pay, reinstatement or re-employment, bonuses, or benefits of any kind or any nature arising or derivative from Executive's employment with the Company, the termination thereof, or otherwise; provided, however, notwithstanding anything to the contrary set forth herein, that this general release shall not extend to (x) amounts owed to or rights available for the Executive under that certain Retirement Agreement, by and between the Company and the Executive (the "Retirement Agreement") and (y) benefit claims under employee pension benefit plans in which the Executive is a participant by virtue of his employment with the Company or benefit claims under employee welfare benefit plans for covered occurrences (e.g., medical care, death, or onset of disability) arising after the execution of this Release by the Executive. This Release does not waive any rights to indemnification the Executive has under any insurance policy, by laws or other documents or agreements to which Executive may be entitled for actions taken in good faith during the term of his employment.

The Executive hereby represents and warrants to the Company and the Releasees that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company or the other Releasees.

The Executive understands that this Release includes a release of claims arising under the Age Discrimination in Employment Act (ADEA). The Executive understands and warrants that he has been given a period of 21 days to review and consider this Release. The Executive further acknowledges that the consideration given for this Release is in addition to anything of value to which he is already entitled. The Executive is hereby advised to consult with an attorney prior to executing the Release. By his signature below, the Executive warrants that he has had the opportunity to do so and to be fully and fairly advised by that legal counsel as to the terms of this Release and that this waiver and release is knowing and voluntary. The Executive further warrants that he understands that he may use as much or all of his 21-day period as he wishes before signing, and warrants that he has done so.

The Executive further warrants that he understands that he has seven days after signing this Release to revoke the Release by notice in writing to the Company’s Chief Human Resources Officer delivered by hand, certified mail or courier service. This Release shall be binding, effective, and enforceable upon both parties upon the expiration of this seven-day revocation period without the Company’s Chief Human Resources Officer having received such revocation, but if the Executive revokes the Release during such time, the Executive understands that the Executive will forfeit any rights he may have to any payments and benefits otherwise due under the Retirement Agreement.

SIGNED:_______________________________________ DATE:__________________________
David E. Berger

Exhibit 21.1

List of Subsidiaries

Subsidiary	Jurisdiction of Organization
Information Services Group, Inc.	Delaware
International Advisory Holdings Corp.	Delaware
International Consulting Acquisition Corp.	Delaware
ISG Information Services Group Americas, Inc.	Texas
TPI Eurosourcing, L.L.C.	Texas
TPI Advisory Services India Pvt. Ltd.	India
Information Services Group Germany GmbH	Germany
TPI Europe Ltd.	United Kingdom
Technology Partners International K.K.-Japan	Japan
TPI Sourcing Consultants Canada Corp.	Nova Scotia
CCGH Limited	United Kingdom
Information Services Group Switzerland GmbH	Switzerland
Information Services Group Denmark ApS	Denmark
Information Services Group Oy	Finland
ISG (Group Services) Ltd.	United Kingdom
Information Services Group Europe Limited	United Kingdom
Information Services Group Sweden AB	Sweden
Information Services Group SA	France
Alsbridge Holdings, Inc.	Delaware
Alsbridge, Inc.	Texas
Alsbridge GmbH	Germany
Alsbridge Canada, Inc.	Canada
Alsbridge Shared Services Corp.	Texas
Alsbridge Advisory Private Limited	India
Alsbridge Limited (England & Wales)	United Kingdom
Alsbridge ANZ PTY Limited	Australia
ProBenchmark Outsourcing Solutions Private Limited	India
Compass Publishing BV	Netherlands
Information Services Group Netherlands B.V.	Netherlands
Compass Management Consulting Ltd	Canada
CTP Italia S.p.A.	Italy
TPI Advisory Services Hong Kong Limited	Hong Kong
ISG Servicios Informativos S DE RL DE CV	Mexico

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-238177, 333-218061, 333-149950, 333-168848 and 333-196193) of Information Services Group, Inc. of our report dated March 11, 2022 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Stamford, Connecticut

March 11, 2022

Exhibit 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael P. Connors as true and lawful attorney-in-fact and agent, with full power (including the full power of substitution and resubstitution) to sign for him and in his name, place and stead, in the capacity or capacities set forth below, (1) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 to be filed by Information Services Group, Inc. (the "Company") with the Securities and Exchange Commission (the "Commission") pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, and (2) any amendments to the foregoing Annual Report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Neil G. Budnick Neil G. Budnick	Director	March 11, 2022
/s/ Gerald S. Hobbs Gerald S. Hobbs	Director	March 11, 2022
/s/ Kalpana Raina Kalpana Raina	Director	March 11, 2022
/s/ Donald C. Waite III Donald C. Waite III	Director	March 11, 2022
/s/ Christine Putur Christine Putur	Director	March 11, 2022
/s/ Bruce N. Pfau Bruce N. Pfau	Director	March 11, 2022

Exhibit 31.1

CERTIFICATE PURSUANT TO
RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael P. Connors, certify that:

1. I have reviewed this annual report on Form 10-K of Information Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 11, 2022

/s/ MICHAEL P. CONNORS

Michael P. Connors
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATE PURSUANT TO
RULES 13a-14(a) and 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Humberto P. Alfonso, certify that:

1. I have reviewed this annual report on Form 10-K of Information Services Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 11, 2022

/s/ HUMBERTO P. ALFONSO

Humberto P. Alfonso
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 USC. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report on Form 10-K of Information Services Group, Inc. (the "Company") for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Connors, Chairman and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 11, 2022

/s/ MICHAEL P. CONNORS

Michael P. Connors
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 USC. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report on Form 10-K of Information Services Group, Inc. (the “Company”) for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Humberto P. Alfonso, Executive Vice President, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 11, 2022

/s/ HUMBERTO P. ALFONSO

Humberto P. Alfonso
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)