ESTTA Tracking number: **ESTTA567855**
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92055460
Party	Plaintiff The Hackett Group, Inc.
Correspondence Address	JOHN CYRIL MALLOY III MALLOY & MALLOY PL 2800 SW THIRD AVENUE MIAMI, FL 33129 UNITED STATES fferreiro@malloylaw.com, litigation@malloylaw.com
Submission	Testimony For Plaintiff
Filer's Name	Francisco J. Ferreiro
Filer's e-mail	fferreiro@malloylaw.com, litigation@malloylaw.com
Signature	/Francisco J. Ferreiro/
Date	10/29/2013
Attachments	Notice of Filing Deposition Transcript.pdf(2513122 bytes) Deposition Exhibits- Non-Confidential.pdf(5067297 bytes)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

In the matter of Registration No. 3,878,276
For the mark "HACKETT CONSULTING"

THE HACKETT GROUP, INC.,	)
Petitioner,	)
vs.	) Cancellation No. 92055460
HACKETT CONSULTING,	)
Registrant.	)

NOTICE OF FILING CERTIFIED DEPOSITION TRANSCRIPT

COMES NOW Petitioner, The Hackett Group, Inc. ("Petitioner"), and pursuant to 37 C.F.R. §2.125(c), hereby gives Notice of filing the redacted certified transcript of the June 12, 2013 Testimony Deposition of Anthony Snowball.

Dated: October 29, 2013

By:/Francisco J. Ferreiro/
John Cyril Malloy, III
Florida Bar No. 964,220
Francisco J. Ferreiro
Florida Bar No. 37,464
MALLOY & MALLOY, P.A.
2800 S.W. 3rd Avenue
Miami, Florida 33129
Telephone: (305) 858-8000
Facsimile: (305) 858-0008
Attorneys for Petitioner

CERTIFICATE OF SERVICE

I hereby certify that a true and complete copy of the foregoing document has been served on the following by mailing said copy on October 29, 2013 via E-mail and First Class Mail, postage prepaid to:

Matthew H. Swyers, Esq.
344 Maple Avenue West, Suite 151
Vienna, Virginia 22180

By: /Francisco J. Ferreiro/
Francisco J. Ferreiro

CERTIFICATE OF FILING

I HEREBY CERTIFY that the foregoing document was filed electronically via the ESTTA, at the United States Patent and Trademark Office, Trademark Trial and Appeal Board, web site, www.uspto.com, this 29th day of October, 2013

By:/Francisco J. Ferreiro/

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

IN THE MATTER OF REGISTRATION NO. 3,878,276
FOR THE MARK "HACKETT CONSULTING"

ORIGINAL

THE HACKETT GROUP, INC. CANCELLATION NO. 92055460
Petitioner,
v.
HACKETT CONSULTING, LLC,
Registrant.

EXCERPTS OF THIS TRANSCRIPT HAVE BEEN DECLARED
CONFIDENTIAL AND ARE SEALED UNDER SEPARATE COVER

2800 S.W. Third Avenue
Miami, Florida
Wednesday, 10:55 - 1:31 p.m.
June 12, 2013

DEPOSITION OF ANTHONY SNOWBALL

Taken on behalf of the Petitioner before Gina Rodriguez, RPR, CRR, Notary Public in and for the State of Florida at Large, pursuant to Notice of Taking Deposition filed in the above cause.

APPEARANCES:

FRANCISCO J. FERREIRO, ESQUIRE
MALLOY & MALLOY, P.L
2800 S.W. Third Avenue
Miami, Florida 33129
fferreiro@malloylaw.com

MATTHEW H. SWYERS, ESQUIRE
THE TRADEMARK COMPANY, PLLC
2703 Jones Franklin Road, Suite 206
Cary, North Carolina 27518
mswyers@thetrademarkcompany.com
on behalf of the Registrant.

ALSO PRESENT:

Tony Wong

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CONFIDENTIAL EXCERPTS
(SEALED UNDER SEPARATE COVER)
PAGES 29 - 83; PAGES 105 - 111; PAGES 113 - 116.

E X H I B I T S

EXHIBITS

Thereupon:

ANTHONY SNOWBALL,

was called as a witness and, having been first duly sworn and responding, "I do," was examined and testified as follows:

DIRECT EXAMINATION

BY MR. FERREIRO

Q Could you state your name for the record?

A Full name: Brooke Anthony Snowball.

Q And what is your address?

A Personal?

Q Yeah.

A 4210 Park Brooke Trace, Alpharetta, Georgia 30022.

Q Since the testimony is being transcribed, if you could just say "yes" or "no" instead of shaking your head or nodding.

A I understand.

Q If you don't understand a question, or if I'm speaking too quickly because I'm too excited about this material, ask me to slow down, I can repeat the question.

If you don't know the exact answer to a question, it's okay to say "I don't know." I don't want you to guess.

Any other questions before we start?

A I think that's it.

Q Could you give us a little background on your educational?

A Sure. I studied undergraduate at Emory University from '93 to '97. I majored in political science, basically with an econ focus. Political science and econ focus, political science was the major.

And basically from that time, moved into employment. If you want me to go down that path, I will be happy to do it.

Q If you can just give the employment history prior to the beginning of Hackett Group.

A Sure. So coming out of Emory, I basically started working for Arthur Andersen Business Consulting, had a stent there for approximately three and a half years. I focused on both benchmarking and business consulting as a career point of view; helped execute global best practice development and project work for Arthur Andersen.

After the three-and-a-half-year time horizon, left and started an entrepreneurial venture that was concentrated on customer value, customer analytics and worked to assist a lot of the performing arts with valuing their patron base, statistics and customer management and measurement.

I was there for approximately three-and-a-half years, and then I joined Hackett in October of 2003, and I joined the benchmarking organization, and have been with Hackett ever since that time frame.

Q And what was your position when you first began working in Hackett in October of 2003?

A I came in as a senior consultant, and then ultimately moved from senior consultant to manager to product director, to head of North America in 2008, and then became responsible for the global benchmarking business in 2009.

Q And where is your office located?

A Our headquarters are here in Miami, but our operating facility is in Atlanta, Georgia.

Q And what other offices does Hackett maintain?

A Where are the offices maintained?

Q What other offices do they maintain?

A It is a global organization. We have an office in San Francisco, in Chicago, in New York, in Atlanta, Miami, domestically. Internationally, we have offices overseas in Frankfurt, in London, as well in Sidney, Australia, so it is a global footprint. The Netherlands as well.

Q Let me show you what we premarked as Exhibit 1.

(Exhibit 1 was marked for identification.)

BY MR. FERREIRO

Q Could you tell me what we're looking at here?

A What we're looking at, basically a mark. The Hackett Group's mark, and it's basically the brand representation that we use in the marketplace on a lot of our logos and material.

And as it is read here -- obviously, it is described as business consultation and analysis services, mainly providing surveys and analysis reports in the nature and best practices in benchmarking of business processes.

Q And this is The Hackett Group mark used in connection with these services?

A It is.

Q And has it been used since the beginning of your employment in connection with these services?

A It has, and it is used on all of our materials, whether they are sales materials, client training materials, communication materials, presentation materials, even our contracting documentation.

Q And to the best of your knowledge, has The Hackett Group mark been used in connection with these services since 1992?

A To my understanding, yes. Naturally, I haven't been employed for that duration, but I understand the mark has been around since that time.

(Exhibit 2 was marked for identification.)

BY MR. FERREIRO

Q I am going to give you what we have marked as Exhibit 2. Can you tell me what this document is?

A It is a secondary mark, another mark for The Hackett Perspective. And as it is written here, The Hackett Perspective is described as a newsletter featuring topics related to business consultation and analysis, including best practice analysis, survey results, case studies and management issues.

Q And has The Hackett Perspective mark been used in connection with these products, the newsletters?

A It has, used regularly in connection with these -- as described here, and as well in some cases even around characterizing case studies at best practice conferences and the like.

Q And who do these newsletters typically go out to?
A They would go out to our customer population, our customers themselves, also to employees of Hackett, and as well, in certain instances, if it's leveraged at a conference, it obviously would go to all of the conference attendees, whether they are customers or prospective customers.
Q And looking at this I.D. of services, it's got some terms of art like best practice analysis.
What is the best practice analysis?
A Yeah, essentially our business model is built on conducting a benchmark and a review of practices that companies use to deliver business process. And so a great way to characterize that is best practices themselves are ideally -- they're denoted as world class and as the optimal way to execute a process whether it's an organization best practice, it is a process best practice, it is a technology best practice. But at the end of the day, it is a description of a leading solution that companies are using that would help them operate more efficiently and ideally to a world-class level.
Q And what do you mean by -- are there some

examples of "practices" that you can give?

A Sure. So best practices. A good best practice is naturally on all of your marketing material and literatures, you are conducting campaigns or promoting the brand that you have some type of external web linked to a website, to bring those customers back to your website for more information.

So best practice would be including your web address on any communication with your customer so they can pull down more content.

Q And by the term "benchmarking," what do you mean by the term "benchmarking"?

A Benchmarking is generally a technique used to measure performance and compare performance. So using a defined set of metrics, we would assess an individual client's performance; and continuing in the available of marketing, we would look at their overall marketing cost for a product management; we would look at their labor costs to deliver product management services; and we would accumulate that from our client and compare it to our database and compare it to leading companies as well, thereby benchmarking them.

And it would tell them or give them an

indication of whether their performance was strong or weak relative to the comparison that was used.

Q Would it be fair to say that marketing is an example of a business process?

A It is. We would characterize marketing as a function, an administrative function; and then underlying that function, we would have discrete processes. So in the example of marketing, we would have lead generation, demand management as a single process; brand and product management as another process; planning and strategy, planning and strategy focused on research and analytics and function management. Those would be the five processes that make up the function of marketing.

Q And when you say "lead generation," what are you referring to?

A Lead generation would be any activities by the company to draw customers to purchase goods or services from that individual company, so it would be campaign activity such as a direct mail piece that was sent out inviting the customer to their website to learn more about their products, potentially even order something from them.

So lead generation and demand generation are really prospecting and positioning your products and services for sale with a set of customers.

Q Does that include measures put in place to drive traffic to the website?

A Absolutely, yeah. Driving traffic to the website, bringing opportunities to the client themselves; to go meet with customers; to promote the brand; to build the brand for the company; to educate customers. There are many different reasons why you would launch lead generation and demand practices.

Q Can you tell me whether The Hackett Group consultation analysis services are limited to any specific size of business?

A They are not, no. We run the gamut in terms of who we serve both globally and in terms of revenue size. I think you will recognize our business is focused on preeminent brands, but as well we scale down to the smallest of companies. In terms of our -- kind of a quick sound byte of our history, we have worked with at this point over 8,000 benchmarks with over 3,000 clients.

We have worked with the largest company in the world, Walmart, and also worked with others that are below a hundred million in revenue, so we've covered the water front.

Q Is it fair to say The Hackett Group's

services are rendered in any conceivable field of business?

A They are, but as it relates to -- yeah, any conceivable field of business is a fair statement.

Q And how does The Hackett Group come into contact with their clients, with the new clients?

A It has a lot to do with a number of activities, but by and large, it is referral. They have worked with us in the past. We have a strong relationship with them. They have a familiarity and an appreciation for our brand and the services of work that we have delivered. And as a result of that referral system, obviously an executive may have worked with Hackett that moved to a new company, we land -- he or she lands at that new company, reach out to Hackett again, or refers to colleagues in a similar position elsewhere.

Largely a referral system, but in terms of the mechanics, there are a number of detailed mechanics for how we acquire customers. I don't know if that's where you would like to take the discussion.

Q Sure. Let's say I'm a client who wants to use Hackett services. What position am I typically in? Am I unhappy with my current revenue growth, or what am I trying to achieve?

A Generally speaking you have some objective; most commonly it is going to be cost optimization. They are looking to optimize cost or improve overall performance. So the scenarios really could be that they have a mandate from the board or from shareholders that they need to reduce costs. They themselves have inherited a new position and are trying to understand what they have inherited both from an efficiency and an effectiveness standpoint, or they have a particular objective in terms of business case, they are trying to build a business case for change.

They are trying to understand their existing performance in short and understand how to resolve their performance challenges.

Q So assuming you get a referral, you have a new client. Can you walk me down the stages of the initial client meeting and what subsequent stages occur in the benchmarking analysis and consultation services process, in a very general way?

A Well, so for whatever reason, an executive would have reached out to Hackett, or we would have engaged in an executive; and they requested further explanation on the reason for the engagement, either they had a specific need, a discrete need, and they were pulling us, or we had content that caught their eye, maybe, you know, best practices around finance, CFO, or best practices around marketing and sales in terms of global marketing or sales executive.

They would invite us in for an hour-long meeting; we would come into that meeting, and we would present our services, but we would present our entire capabilities as Hackett to them, so that they gain a familiarity with the Hackett portfolio.

And then at that point, we would move into the discrete topic that they are interested in.

So if it was benchmarking, we would then describe what we cover in terms of our full taxonomy of benchmarking services. And we tend to address SG&A at-large.

And SG&A is a business term, but basically means sales general and administrative expenses. And in that discussion, we would explain that we benchmark and also optimize, from a consulting perspective: Finance, human resources, IT, procurement, marketing, sales and service, and some of the corporate services that are like corporate overhead.

And we would describe that as really our scope of benchmarking capabilities. And included within that I left out supply chain, but supply chain as well.

Q Go back to the initial new client contact.

Do you usually receive these by email or how are you usually put in contact with this new client?

A It comes through a variety of methods. They may reach out to an existing relationship they have inside Hackett, somebody they have worked with in the past, generally a senior partner.

They may be an interested partner, so from a lead generation perspective, they have responded to a direct marketing campaign or a business developer who has reached out via the phone.

Or they may have been referred to us by someone else, and they are referred in via email. And then at that point, we would structure a pursuit where it would come into our sales management process and into our pipeline, and we would staff obviously who needs to go visit with that client based on the extent of the relationship and what that client is interested in.

Q And if that came in through email, where would it go to?

A It would go to a Hackett email. It would come via our website, so naturally from that website, it would be a hackettgroup.com email address. It would flow through to our normal sales operations team, the individual who manages a general inbox for us, that is, inquiries or sales at thehackettgroup.com.

Q And do materials that are sent to the client to the prospective business include the Hackett Group mark within the printed-on materials, referenced in emails?

A They do always, yes. So the mark would be represented on any of our communications, whether they be invitations to participate in a survey, a free survey, whether it is, you know, basically sales presentation materials. Even as we mobilize on a project, all of our project materials with execution, delivery and contracting would include the mark.

Q In your experience when dealing with a new client, are they already aware of the Hackett Group mark signifying your services?

A When dealing with a new client, most commonly they have heard of us. It is a well-known brand. It is a brand that when it comes to SG&A optimization, typically individuals have heard of or been referred to us.

If it's a brand new client, I'd say probably less than 10 percent of the time, we'd have to educate them on the Hackett service offerings, but the vast majority of the time, they have some familiarity with us, either through word of mouth or through their own direct experience.

Q Now, which Hackett Group employees, what nature of Hackett Group employee would be dealing with the client throughout the benchmarking process?

A Well -- so we have a wide range. So we have basically teams that would include consultants, and these consultants would have particular skill sets that they bring to the table.

So if a client engaged with us in what we call a transformation benchmark, the team would include a day-to-day project manager, or project director with a senior principal who is accountable for the overall account.

And then underlying that structure, there are unique roles. We would have subject matter expert who has particular talent in whatever area it is that we're evaluating from a benchmarking perspective. Or for delivering consulting services, they would be, obviously, experts on whatever the project is that we are focused on.

Q When you say "subject matter expert," does the subject matter refer to the business field or the specific metric that you are trying to improve upon?

A Generally speaking, it relates to -- a competency relates to a functional area, whether it is finance, it's HR, or IT, or market sales and service, and it would also be a point solution.

So in some cases, we may have, you know, finance experts that are just former executives who have an understanding of how world class finance organizations operate, and they bring that vision to the project, to outline how a project should get executed, or they could be in the marketing and sales realm, they could be more discrete in their capabilities around marketing and sales, and they could have expertise as it relates to brand optimization, channel optimization. And so, therefore, they're very focused in on a particular skill set.

Q As far as contact with the client, does the client interact with, for example, the senior principal and the subject matter expert, or is it limited to one individual?

A The client interacts with everybody on the team, so there is no kind of magician behind the curtain. He doesn't get to present themselves.

And the team, if I just use a benchmark as an example, I talked about the senior principal; I talked about the project manager; there's also expertise in terms of subject matter experts; and then there's analysts who really are supporting the integrity of the data making sure that the client, as they collect information or as they improve, are getting the support that they need from Hackett.

And so in all of those representations, they're very clearly Hackett Group employees or working with virtually -- well, virtually the entire organization that we're either benchmarking or optimizing through consulting.

Q And would you say, let's say the subject matter expert communication with the client, would it be clear from the communication to the client that this is an employee of The Hackett Group?

A Without question. Yeah, so when we start any engagement, naturally everybody has identification, everybody's familiar with from business cards to, you know, footers on their email and signatures on their emails, and but then even beyond that, all of our documentation, whether it is a contract, whether it is a, you know, a mobilization document for the project, all of those contain the trademark and the mark that is The Hackett Group. And as well, in all of our interactions, they're identified as Hackett Group employees.

Q So it is fair to say that every business card, the footer of these emails and contracts, all have The Hackett Group mark printed on?

A They do or some reference to The Hackett Group, yeah, that's right.

And then also, on top of that, there are communication templates that we would use in order to mobilize a project. So beyond just the interaction with the immediate team that we're dealing with, typically we have to go out to a larger pool of client contacts in order to execute the work.

We have standard communication packages that we use for that purpose. All of those communication templates would have had The Hackett Group mark on them, so that not only is our project sponsor aware of who The Hackett Group is, but the broader client support team as well is very familiar with Hackett at that point.

Q Who typically is the project sponsor?

A It depends on the nature of the work, but it is a C-level executive or a VP, virtually in all cases.

Q And you mentioned that obviously as part of the benchmarking analysis, you are interacting with different employees in different hierarchal levels in the organization; is that accurate?

A It is, yeah, and we do it through different tools we have.

Q In communications with these multi-level employees, does The Hackett Group mark, is The Hackett Group mark always presented with the materials sent to these individuals?

A It is, either in attached materials that we send to explain the project, to explain what we ask of them, their role in the project, or most mundanely in the email communication, again, associated with the footer, or via telephonic interaction on the phone literally announcing ourselves as Hackett Group representatives. But in all cases, the mark is either printed or referenced verbally, so there's no ambiguity as to they're dealing with.

Q So it's fair to say that these employees know that their efficiency is being analyzed. It's not a blind study, they're aware that --

A Yeah. By and large. There could be an off chance, which is the exception, not the rule. An executive wants to try to centralize the analysis to make sure that there's not a fear and panic reaction to some type of project. But the best practice and the most common approach is that they would broadly communicate the intent of the project, whatever it is, whether it is benchmarking, consulting specific, to clarify the objectives of the project to make it clear to everyone what the plan is for the project and to allay any concerns or fears.

Q In your experience, have lower-level employees or mid-level employees been familiar with The Hackett Group mark?

A They are, because they are involved in -- particularly in the assessment phase of any project. And you have assessment phases as it relates to benchmarking, where we are gathering a tremendous amount of performance information from the client, and you have kind of an assessment phase as it relates to consulting projects where we may be gathering requirements from practitioners and users.

But in both cases, whether it is specifically for the purposes of gathering benchmarking data or to assess their existing performance, we are dealing with mid- to low-level individuals, as well as the senior executives. So we are broadly covering the client when it comes to executing the project.

It does vary depending on the scope of the project where we're focused, but I think as a rule, it is safe to say that we touch executive, mid-level, and then even in some cases, lower-level employees.

Q What is the communication process like throughout the benchmarking analysis? Typically, how long does the analysis process and consultation process last? How frequently are the interactions between, let's say, the subject matter expert and the employees that they're analyzing? Just give us a little more input about the timeline.

A So the way that the process works, it's generally a six-step process for how we execute. There's a step one, which is really more or less a planning and mobilization phase for the project. So we are gathering together the sponsor and his or her core lieutenants to help mobilize the project inside the organization. We set certain parameters, we identify the timeline for the project, we identify the team members, etc.

The second step is really more of a training set where we are going to go out and actually based on the planning and mobilization phase, train the broader community of the company who is going to participate in either the benchmark or the consulting project.

And we train them on Hackett vernacular, our taxonomy, which is a fancy word for how we define different functions. We train them on our tools, our questions sets, what they are going to be asked to do. And that's where we are really touching that mid- to lower level in the organization.

And then from there, they are going off and collecting data really in the third step, and that is, they are gathering bottoms up information on performance, and they're doing it in two parts. They're taking their known organization from a headcount and cost perspective, so taking their resources and their people and the dollars associated with them, and they're allocating them to processes. And then they're also answering performance questions, and those performance questions are to diagnose the efficiency and the effectiveness of those processes.

And then from there, there are further steps, but we get into validating their data that's submitted and working with that same audience to then analyzing the results to the executive preview, and then sharing the preliminary results with the sponsor and the identified team he or she designates, and then conclude with a final presentation.

Q When you say treating the broader community, would that involve, let's say, a presentation that might be given to the employees?

A It would, yeah, so whoever was designated as necessary to help us fulfill our data request, which can be a consulting data request or through our benchmark is going to be going to our website and our portal, answering questions and submitting data. It is related to that purpose. And so it is a training presentation that runs two to four hours that has standard content material that does use the mark that introduces our taxonomy, our proprietary taxonomy across all of SG&A and inclusive of marketing, sales and service.

And as well, walks them through their discrete role of the project and how they would interact with our tools to ensure that we get good, usable data from them on an apples-to-apples basis.

Q The website and portal, is that found on the main Hackett website?

A The entry point is -- so they would go to hackettgroup.com, and then they would click Log In to the Member Center, and at that point when they click Log In to the Member Center, they would then select their benchmarking project, and ultimately enter the benchmarking portal.

And they would navigate to that point through our traditional website.

Q The materials they would be looking at, would you say they are typically branded with the Hackett mark?

A They are. The website itself, all the materials they're looking at. Inside the portal itself, there is a standard dashboard notified, obviously, as a Hackett Group solution. We have the dashboard with timeline and everything else that instructs them on what their role is and the duration of that role.

Q And you mentioned that the Hackett Group employs individuals whose title is consultant?

A Yes.

Q We are going to designate this portion of the testimony as confidential.

(Pages 29 - 83 were designated Confidential and are sealed under separate cover.)

MR. FERREIRO: I will have this marked as Exhibit 7.

(Exhibit 7 was marked for identification.)

BY MR. FERREIRO

Q What is this document we're looking at here?

A It looks like our website.

Q Can you just read the small text on the bottom left, the domain name?

A It says www.thehackettgroup.com.

Q Can you read on the upper left, the date there?

A June 10th, 2013.

Q You want to just flip through here?

A Sure.

Q I assume you review the website often?

A I do.

Q Does this look like a fair and accurate representation of what the website looks like now?

A Very accurate.

Q And since you began working at The Hackett Group, I think it was October 2003 --

A Yep.

Q -- has thehackettgroup.com always been the domain?

A To the best of my recollection, it has.
Q And to the best of your recollection, has The Hackett Group mark appeared on the website since you began working?
A Yes, yes.
Q If you can move forward to what's marked as PET 489 at the bottom.
Can you read the URL on the bottom left?
A Www.thehackettgroup.com/about.
Q And I believe the first paragraph references a ticker symbol on the top left?
A It does.
Q What is that?
A HCKT on the NASDAQ.
Q Do you know when that group began to be publicly traded?
A You're asking me a question; I don't know how to answer that question.
Q If you don't know...
Has it been publicly traded since you began working?
A Yeah.
Q And the middle column has -- is headed with Office Location. Are these all of the office locations that The Hackett Group maintains?

A It is.
Q If you could go to the next page, which is marked PET 490.
A Okay.
Q There is a number of trademarks. Are these all Hackett clients?
A They are, and probably missing a few.
Q Moving forward to what's marked as PET 492.
A Okay.
Q The second column, left-hand column, third down, the executive advisory.
A Uh-huh.
Q Is this the program you were talking about earlier, the subscription program?
A It is. It is an annual membership program with a variety of programs underneath it. And clients can gain access to our subject matter experts in the particular program they're subscribed to. We can broker interactions with them and other members, provide intellectual property to them in the form of benchmarking metrics or best practices, yield research in terms of case studies or themes or trends across our intellectual property. And as well, obviously inclusion in some of the workshops that we host, whether those are pre-conference or off cycle

from our conference schedule. Also, gives them access to the Book of Numbers, which is a regular publication for each of the programs that yields benchmarking insight.

Q And that publication is put out by The Hackett Group?

A It is, yes yeah.

Q And The Hackett Group mark appears on that?

A It does, yes.

Q And a consumer looking at this website and emailing The Hackett Group, would they be sent to info@thehackettgroup.com?

A It would, yeah, it would be a Hackett Group extension, and routed to our general inbox.

Q I'm going to hand you what we have marked as Exhibit 8.

(Exhibit 8 was marked for identification.)

BY MR. FERREIRO

Q What are we looking at here?

A It looks like an older version of The Hackett Group website.

Q What's the date on the upper right-hand side?

A May 19th, 2006.

Q So you were certainly employed at The

Hackett Group on that date?

A I was.

Q Would you have reviewed the websites around that time period?

A I would have.

Q Is what you are looking at look like a fair and accurate representation of what would appear on that date?

A Very accurate.

MR. FERREIRO: I'm going to hand you what we will mark as Exhibit 9.

(Exhibit 9 was marked for identification.)

BY MR. FERREIRO

Q What is this?

A This looks like our website again.

Q What's the date on the upper right?

A January 28th, 2008.

Q And again, would you have been employed at The Hackett Group at this time?

A I was, yes.

Q Would you have reviewed the website around this time period?

A I would have.

Q Does this look like a fair and accurate representation of what you would have seen?

A It does. It looks like it is missing a lot behind it, but yes.

(Exhibit 10 was marked for identification.)

BY MR. FERREIRO

Q Here's 10. And what is this document?

A It looks like our annual report.

Q And would you have reviewed this document when it came out?

A I would have certainly seen it; probably not read it cover to cover, but yes.

Q And who would have this gone out to?

A This would have gone out to our shareholders and made available publicly over the web.

Q Again, this would have been a public website?

A It would have been, yes, or at least via Internet, yes.

Q This will be Exhibit 11.

(Exhibit 11 was marked for identification.)

BY MR. FERREIRO

Q And what is this?

A This is our annual report for 2005.

Q And would this also have been made available via the website?

A It would have been, yes.
Q Who else would have received a copy?
A The shareholders.
Q This is 12.
(Exhibit 12 was marked for identification.)
BY MR. FERREIRO
Q And what are we looking at here?
A This would be our conference lineup for the most recent conference here in Miami, from 2013.
Q Will you read the URL on the bottom left?
A Sure.
www.thehackettgroup.com/events/nabp2013/speakers.jsp.
MR. SWYERS: On this one I am going to assert an objection. I don't think this has been produced in discovery. There is no discovery notation on it or otherwise. I will just lodge the objection. The witness should not be able to testify on this nor should it be entered into evidence.
BY MR. FERREIRO
Q Did you attend this conference?
A I did. I also spoke at the conference.
Q On what date did the conference --
A Gosh, going back, I think it was May 12 and 13, if I remember correctly. I have to double check.

Q Maybe look at the top.
A 21st and 22nd.
Q So a couple of weeks ago?
A Yes.
Q Who attended this conference?
A It was a combination of Hackett resources existing clients and customers, and prospective clients and customers, and partners who would have sponsored the event.
Q And going back to the glossies, the most current glossies would have been handed out at this presentation?
A We did not specifically hand out that exact glossy, but that is a form for glossies. We try to limit the number of glossies we actually hand out. We were promoting actually a software solution that we developed as the priority of this event, but that is a forum where we would normally hand out the glossies, yes.
Q As far as the presentation materials, did they have The Hackett Group printed on them?
A They did.
Q And who were the main conference speakers at the events?
A Well, we talked about Shane Fitzsimons

before. He is further on in this section. He was our keynote. Shane Fitzsimons, sorry, with GE, and then we had dual keynotes from Hackett, and Chris Brennan, and Sean Kracklauer. Chris is president of our benchmarking transformation practice. And Sean is president of our advisory practice.

And then we had a broad representation of clients beyond those headliners who spoke to topical areas of relevance. So I think Regina Jackson spoke to reaching -- Regina Charles, sorry -- spoke to HR and human resources, specifically, and global business. We had other speakers who concentrated on different topics of area of interest to clients where they would want to hear their journey and story and lessons from their experience.

Q Typically, what is the constitution of the audience at this presentation?

A Typically, senior-laden, so we put it probably VP and executive level for the majority.

Q This was for corporations throughout the U.S.?

A Corporations throughout you the U.S. and in even in some cases representation from around the globe.

Q And how often do these Best Practices

Conferences take place?
A In the U.S., they're annual. And in Europe, they're annual as well. U.S. is in May and Europe's best practice conference is in October every year.
Q And it's fair to say that The Hackett Group mark appears in each presentation?
A To an extreme, yes.
Q Going back to that exhibit, that is publicly available on your website?
A It is.
Q I will give you what is marked as Exhibit 13.
(Exhibit 13 was marked for identification.)
MR. SWYERS: If I may, I withdraw the objection to 12.
BY MR. FERREIRO
Q And what is Exhibit 13?
A Exhibit 13 looks like a recap of our first quarter 2013 results by The New York Times.
Q Turning to page 2.
A Okay.
Q And I believe it's the fourth paragraph down. Can you just read the first sentence?
A (As read) 2013 Best Practices Conference

preview. The Hackett Group announced plans to hold its best practice conference in Miami on May 21st through 22nd.

Q Read the whole paragraph.

A The event will feature senior executives from nearly a dozen of the world's largest and most successful companies, including Citigroup, General Electric, General Mills, Kimberly-Clark, MetLife, Office Depot and DE Connectivity - discussing their efforts to improve efficiency and effectiveness in finance, HR, procurement, IT and other business services.

Q This also mentions a number for the conference call?

A It does.

Q And if you skip down four paragraphs. It begins with: "In addition, The Hackett Group will also be webcasting this conference call live."

A That's accurate.

Q Do you know who would have been able to participate or give you that conference call, via the website or telephonically?

A I don't know the exact rules, but I would -- I know that analysts can participate on the call, and any individual who has interest can participate on the call.

Q And then just going back to the first page. Below the headline, there is a small tag. It begins with "published." Just read the published dates.

A I'm sorry, where is it?

Q Right under the headline.

A "Published May 7, 2013."

Q This would have been published in advance of the conference?

A It was, yes.

(Exhibit 14 was marked for identification.)

BY MR. FERREIRO

Q And what are we looking at here?

A It is actually an announcement of Hackett presenting the Second Annual MicroCap Conference. It is a press release.

Q It is the Bates Stamp 480. Let me know what the date of the press release was?

A Sure. Wednesday, May 29th, 2013.

Q And what was the Second Annual Marcum LLP MicroCap Conference?

A I probably wouldn't be the best one to speak to the conference. Basically, it was a speaking opportunity for our CEO, but I'm not an expert on the conference.

(Exhibit 15 was marked for identification.)
BY MR. FERREIRO
Q And what are we looking at here?
A Basically, a profile of the Hackett Group from an investor perspective published by The New York Times Business Day section on Tuesday, June 11, 2013.
Q And looking at the company information section, going down to the second to last sentence, begins with "through." If you could just read that through the end.
A Sure. (As read) Through its REL group, Hackett offers working capital solutions focused on delivering cash flow improvements. Through its enterprise resource planning solutions group, ERP solutions, Hackett offers business application consulting services that help maximize returns on information technology investments.
Q In your experience, is it fairly common for a third-party publication to refer to The Hackett Group as "Hackett"?
A It is very common.
Q I'm going to take a one-minute break. I will be right back.
(A recess was taken from 1:04 to 1:07 p.m.,

after which the following proceedings were had:)

MR. FERREIRO: That's it for direct.

CROSS-EXAMINATION

BY MR. SWYERS

Q My name is Matthew Swyers, and I represent the registrant in this matter.

I would like to direct your attention to Exhibit Number 12, 2013 Best Practices Conference. Let me know when you get there.

A I am there.

Q Glancing through the speakers, it was evident to me that there are no other consulting firm speakers that were invited to this conference. Would that be accurate?

A Not direct consulting firms, no, but there are organizations who sponsor the event that have consulting entities such as SAP.

Q And what is your understanding of SAP's consulting industry, or, excuse me, section.

A Well, it would predominantly relate to system implementation and integration work. That's the priority.

Q Would you consider that division of SAP a competitor of Hackett?

A No, they're actually a partner of ours. We have an active relationship where they have allocated a certain segment of the market to Hackett for delivery and maintenance provision to our clients.

Q Would you invite a competitor to speak at one of your conferences?

A It's more conjecture, so I don't know that I'm probably the best person to answer that. I think the way I would characterize my response is we would think very dutifully about who we were inviting and why.

Q Why wouldn't you?

A Why wouldn't we invite --

Q -- a competitor?

A Well, naturally we have the conference set up as a forum for us to not only educate and share for our existing client base, but to include potential prospects as well. And so we certainly wouldn't want to invite potentially a competitor to a conference where they may pursue some of the prospects that we have invited.

Q It would be poor business practices to invite a competitor to your marketing efforts; would that be fair to say?

A I would probably choose different words.

Q Which words would you choose?

A I would think it's not in our best business interest to invite competitors to an event that we're hosting and organizing.

Q Is that more of a general theme, would you agree with me, you don't tend to invite your competitors or refer work to your competitors?

A No. I think we have some working relationships in the past where we were able to work successfully with some known competitors. We had an alliance relationship with Accenture who would certainly be a competitor of ours for certain projects, but under that relationship we were able to define a workable agreement between the two firms where we would both mutually benefit.

Q So you would be willing to have a combined venture with a competitor provided that there were parameters of the working relationship to the extent that your services wouldn't overlap; is that correct?

A Yeah. The goal was to avoid any overlap, but in the event that it existed, we had developed a scheme or a model that would appropriately accommodate each party such that they would be happy with the end result, because together we thought we were stronger in the marketplace and had a better chance to win than separate.

Q We went through several documents that you used to market your services to your prospective clients or customers. Let me find the one I'm speaking of. Actually, let me stop. I'm going to strike that line. I'm not going to go down that road right now.

A Okay.

Q At the beginning of your testimony, you testified that you market to a broad range of clients, everyone from I think the Fortune 500 companies all the way down to somewhere in the 100 million-dollar range. Can you expand upon that, please?

A Sure. So our approach in terms of how we approach the marketplace is that we don't discriminate based on size. We acknowledge that our services are most palatable to companies that are 500 million and above and probably most comfortable to a billion and above. But we don't restrict our marketing activities or behaviors to intentionally exclude anybody.

Q Do you know if you have any companies that have -- I guess when I say 500 billion and above, what do you mean, market capitalization?

A 500 million.

Q 500 million and above. Market capitalization, or what is the 500 million and above mean?

A That would represent their annual revenues.

Q Do you know if you market to any companies with annual revenues of a million dollars or less.

A Unfortunately, I don't have the composition of who we market to at the ready, but I would be surprised if we marketed to a firm less than a million in revenue.

Q Do you have any knowledge where that surprise would end? In other words, would it be 50 million in revenues, less than a hundred million in revenues?

A No, I wouldn't. All I can speak to is my personal experience, and I know that we have served very small clients through a benchmarking capacity, and also even served small clients through an AICPA relationship that we had.

Q Define small.

A I would have to go back and look, but I would say we have companies around 25 million to 50 million in the benchmarking database.

Q You mentioned the referral system.

A Uh-huh.

Q How does that work?

A Well, it's more informal, I think, than maybe I characterized it before. What I imply is that there are reputations and credibility earned through the delivery of project work, and essentially the brand and association of people who are affiliated with the brand hasn't been enough reputation that they move from one client to the next as they run in the same peer circles.

So a good example would be our European banking study started with a singular executive, and then he enlisted all of his senior executive peers at comparable banks to participate in a study. So he referred us to those other banks.

Also, from a referral perspective inside of our business, there's dialogue that's happening all the time through our senior consultants or our advisory program members and the client. And so specific needs that a client has may be identified, and where those needs relate to another business or service line, they would be referred between service lines.

Q When you say "peer group," are you referencing a group or category of company that we've just finished speaking about in terms of minimum

annual sales?
A No. Peer group could be -- well, a peer group is defined in our vernacular on a number of different dimensions. As I used it previously, I was describing more of this bank's individual competitive peer setting.
Q This referral, the referral system or just the manner through which your company gets referrals --
A Sure.
Q -- that would not transcend your other testimony or go beyond when we speak about the minimum sales your typical target or client has; is that correct?
A Can you phrase it a little differently?
Q Absolutely.
A Okay.
Q By virtue of the fact -- we're talking about referrals now.
A Uh-huh.
Q The referrals would still be among companies with the minimum sales of which we've already spoken?
A Yeah, referrals could exist at any particular revenue size, so there's not an exclusion.

We would get a referral regardless of the revenue size. I think there's a certain nature of how the referral occurs and by whom and of what mechanism, but there is not a discrimination as to where it came from.

MR. SWYERS: The next portion I'm going to go ahead and designate as confidential.

(Pages 105 - 111 were designated Confidential and are sealed under separate cover.)

(Exhibit 16 was marked for identification.)

BY MR. SWYERS

Q If you would kindly just take a look at that for me and see if you can identify it?

A It looks like our 10-K from 2005.

Q Do you see the numbers below that say PET, can you tell us what numbers the document starts from and then ends at?

A If I assume that they're numbered sequentially, it starts at PET 000327. And again, assuming they're sequential, the last page is PET 000384.

MR. SWYERS: I have nothing further at this time.

THE WITNESS: All right.

REDIRECT EXAMINATION

MR. FERREIRO: I have a few questions for redirect.

BY MR. FERREIRO

Q I think you mentioned that The Hackett Group occasionally answers workable agreements. You gave Accenture as an example.

A Uh-huh.

(Pages 113 - 116 were designated Confidential and are sealed under separate cover.)

CERTIFICATE OF OATH

STATE OF FLORIDA
COUNTY OF BROWARD

I, GINA RODRIGUEZ, Registered Professional Reporter and Certified Realtime Reporter, hereby certify that the Witness personally appeared before me and was duly sworn.

WITNESS my hand and official seal this 27th day of June, 2013.

GINA RODRIGUEZ, RPR, CRR
My Commission # EE 148562
My commission expires March 23, 2016

REPORTER'S DEPOSITION CERTIFICATE

STATE OF FLORIDA
COUNTY OF BROWARD

I, GINA RODRIGUEZ, Registered Professional Reporter and Certified Realtime Reporter, certify that I was authorized to and did stenographically report the foregoing deposition; that reading of the transcript was not waived by the witness; and that the transcript is a true and complete record of my stenographic notes.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 27th day of June, 2013.

GINA RODRIGUEZ, RPR, CRR

VERITEXT FLORIDA, LLC
Suite 1020 Biscayne Building
19 West Flagler Street
Miami, Florida 33130
(305) 371-1884
(305) 377-1100 (fax)

June 27, 2013
Anthony Snowball
c/o: Francisco Ferreiro, Esquire
2800 S.W. Third Avenue
Miami, Florida 33129

RE: The Hackett Group v. Hackett Consulting, LLC
DEPO OF: Anthony Snowball
TAKEN: June 12, 2013
NUMBER OF PAGES: 121
AVAILABLE TO READ UNTIL: August 13, 2013

Dear Mr. Snowball:

This letter is to advise you that the transcript of your deposition is completed and is available for reading and signing.

Please make an appointment to come to our office at Suite 1020, 19 West Flagler Street, Miami, Florida, to read and sign the transcript. Our office hours are 8:30 a.m. to 4:30 p.m., Monday through Friday. Depending on the length of the transcript, you should allow yourself sufficient time for review.

If the reading and signing has not been completed prior to the above-referenced date, we shall conclude that you have waived the reading and signing of the deposition transcript. Your prompt attention to this matter is appreciated.

Sincerely,
GINA RODRIGUEZ, RPR, CRR
cc: (copy to all counsel)

WITNESS CERTIFICATE

I, ANTHONY SNOWBALL, do hereby certify that I have read the foregoing transcript of my deposition; that, together with any additions or corrections attached hereto, it is true and correct.

ANTHONY SNOWBALL

The foregoing instrument was subscribed to before me this 12th day of August, 2013, by ANTHONY SNOWBALL, who has produced GADL as identification and who did not take an additional oath.

Notary Public, State of
~~Florida~~ Massachusetts
Print Name: Charles Sands
My Commission Expires:
Commission #: 8-1-2019

CHARLES SANDS
MY COMMISSION EXPIRES AUGUST 1, 2019
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS

WITNESS CERTIFICATE

I, ANTHONY SNOWBALL, do hereby certify that I have read the foregoing transcript of my deposition; that, together with any additions or corrections attached hereto, it is true and correct.

____
ANTHONY SNOWBALL

The foregoing instrument was subscribed to before me this ____ day of __________________, 2013, by ANTHONY SNOWBALL, who has produced ______________________ as identification and who did not take an additional oath.

____
Notary Public, State of
Florida
Print Name:
My Commission Expires:
Commission #:

VERITEXT FLORIDA, LLC
Suite 1020 Biscayne Building
19 West Flagler Street
Miami, Florida 33130
(305) 371-1884
(305) 377-1100 (fax)

June 27, 2013

Francisco J. Ferreiro, Esquire
Malloy & Malloy, P.L
2800 S.W. Third Avenue
Miami, Florida 33129

RE: The Hackett Group, Inc. vs. Hackett Consulting, LLC
DEPO OF: Anthony Snowball
TAKEN: June 12, 2013
PAGES: 121 HELD UNTIL: August 12, 2013

Dear Mr. Ferreiro,

The original transcript of the deposition listed above is enclosed for your file. The Witness did not waive reading and signing and was duly notified by letter to come in and read the deposition transcript.

The Witness will be provided a copy of their deposition for reading in our office should they come in to review the transcript, and we will forward to you any corrections made by the Witness at that time, along with an original signature page to be attached to the original transcript.

Sincerely,

Gina Rodriguez, RPR, CRR

ERRATA SHEET

RE: The Hackett Group, Inc. v. Hackett Consulting, LLC

DEPO OF: Anthony Snowball

TAKEN: June 12, 2013

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Page #	Line #	Change	Reason
6	7-9	JUST SAY POLITICAL SCIENCE WAS THE MAJOR."	TO BE ACCURATE
6	17	"stint" not "stent"	spelling
8	12	Delete "logos and"	accuracy
8	~~12~~ 15	"benchmark" surveys & analysis	unclear
8	16-17	We benchmark business processes	accuracy
11	6	"web link"	"
11	18	not available - "example"	"
14	14-15	delete "we land!"	"
15	24	add "discussion" after Executive	"
21	2	DELETE SENTENCE	"
24	14	DELETE "IN"	"
8	2	THERE ARE MORE OFFICES ~~THE~~ PE ADD THEM?	"
102	7-9	WAS POSITIVE ~~[illegible]~~ AND THEY LEVERAGED OR REFERRED HCKT AJ THEY MOVED ... FROM ONE, DELETE LINE 9	"
37	6	888 - "We also get into configuration"	"
40	24	DELETE "a customer of"	"
44	19	DELETE "AS A"	
53	6	CHANGE GAAP TO GAP	

State of ~~Florida~~ MASSACHUSETTS

County of Suffolk)

Notary Public

Under penalties of perjury, I declare that I have read my deposition transcript, and it is true and correct subject to any changes in form or substance entered here.

8/12/13

Date

Signature

CHARLES SANDS
MY COMMISSION EXPIRES AUGUST 1, 2019
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS

ERRATA SHEET

RE: The Hackett Group, Inc. v. Hackett Consulting, LLC

DEPO OF: Anthony Snowball

TAKEN: June 12, 2013

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Word Mark	THE HACKETT GROUP
Goods and Services	IC 035. US 100 101 102. G & S: business consultation and analysis services, namely providing surveys and analysis reports in the nature of best practices and benchmarking of business processes. FIRST USE: 19921000. FIRST USE IN COMMERCE: 19921000
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	76494209
Filing Date	March 3, 2003
Current Basis	1A
Original Filing Basis	1A
Published for Opposition	December 13, 2005
Registration Number	3064697
Registration Date	March 7, 2006
Owner	(REGISTRANT) Answerthink, Inc. CORPORATION FLORIDA 1001 Brickell Bay Drive, Suite 3000 Miami FLORIDA 33131 (LAST LISTED OWNER) THE HACKETT GROUP, INC. CORPORATION FLORIDA 1001 BRICKELL BAY DRIVE, SUITE 3000 MIAMI FLORIDA 33131

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1
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Affidavit Text	SECT 15. SECT 8 (6-YR).
Live/Dead Indicator	LIVE

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TRADEMARK TRIAL AND APPEAL BOARD

THE HACKETT GROUP, INC.
vs.
HACKETT CONSULTING

Cancellation No. 92055460

ANTHONY SNOWBALL DEP EXH. NO. 2

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HACKETT PERSPECTIVE

Word Mark	HACKETT PERSPECTIVE
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Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	78719630
Filing Date	September 23, 2005
Current Basis	1A
Original Filing Basis	1A
Published for Opposition	January 30, 2007
Registration Number	3229134

EXHIBIT
2
GR 6-12-13

Registration Date	April 17, 2007
Owner	(REGISTRANT) **Answerthink**, Inc. CORPORATION FLORIDA Suite 3000 1001 Brickell Bay Drive Miami FLORIDA 33131 (LAST LISTED OWNER) THE HACKETT GROUP, INC. CORPORATION FLORIDA 1001 BRICKELL BAY DRIVE, SUITE 3000 MIAMI FLORIDA 33131
Assignment Recorded	ASSIGNMENT RECORDED
Attorney of Record	Andrew W. Ransom
Prior Registrations	2854546;2937236;3064697
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MAY 6, 2013

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APRIL 19, 2013

IndustryWeek, "Operations: Cost Reduction Strategies Steer Away from Outsourcing,"

Manufacturers are looking internally and to their supply chain for greater efficiencies. U.S. manufacturers are targeting a 1.5% reduction in the cost of goods sold in 2013, according to The Hackett Group's 2013 manufacturing cost optimization study. It will be driven in part by a planned 1.7% reduction in internal manufacturing costs.

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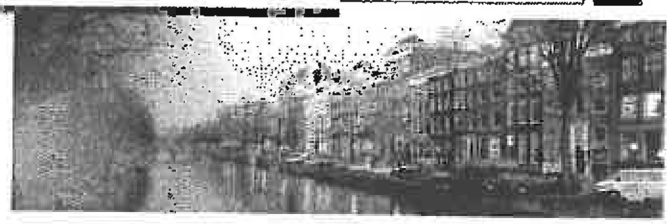

The Hackett Group (NASDAQ: HCKT), a global strategic business advisory and operations improvement consulting firm, is a leader in best practice advisory, business benchmarking, and transformation consulting services including strategy and operations, working capital management, and globalization advice.

Utilizing best practices and implementation insights from more than 7,500 benchmarking studies, executives use The Hackett Group's empirically-based approach to quickly define and implement initiatives that enable world-class performance. Through its REL group, The Hackett Group offers working capital solutions focused on delivering significant cash flow improvements. Through its Archstone Consulting group, The Hackett Group offers Strategy & Operations consulting services in the Consumer and Industrial Products, Pharmaceutical, Manufacturing, and Financial Services industry sectors. Through its Hackett Technology Solutions group, The Hackett Group offers business application consulting services, including SAP implementation and Oracle implementation, that help maximize returns on IT investments. The Hackett Group has completed benchmark studies with over 2,800 major corporations and government agencies, including 97% of the Dow Jones Industrials, 86% of the Fortune 100, 90% of the DAX 30 and 48% of the FTSE 100.

Founded in 1991, The Hackett Group was acquired by Answerthink, Inc. in 1997. Answerthink was renamed The Hackett Group, Inc. in 2008. The Hackett Group has global offices in the United States, Europe and Asia/Pacific and is publicly traded on the NASDAQ as HCKT.

Corporate Clients

Office Locations

Corporate Headquarters
1001 Brickell Bay Drive
30th Floor
Miami, Florida 33131
TEL: +1 305 375 8005
FAX: +1 305 379 8810
Toll-Free: +1 866 442 2538

Amsterdam
Camerastraat 25
1322 BB Almere Amsterdam
TEL: + 31 36 535 00 82
FAX: + 31 36 536 52 03

Atlanta
1000 Abernathy Road NW
Suite 1400
Atlanta, GA 30328
TEL: +1 770 225 3600
FAX: +1 770 225 3650

Budapest
Greenpoint 7
Kéthly Anna tér 1
1077 Budapest
TEL: + 36 1 5016791
FAX: + 36 1 5016740

Chicago
525 W. Monroe Street
Suite 1550
Chicago, IL 60661
TEL: +1 312 325 2900
FAX: +1 312 325 2901

Frankfurt
Torhaus Westhafen
Speicherstrasse 59
60327 Frankfurt am Main
TEL: +49 69 900 217 0
FAX: +49 69 900 217 100

Hyderabad
8-2-120/112/88&89
1st Floor, Aparna Crest
Road #2, Banjara Hills
Hyderabad 500034, India
TEL: +91 40 66544000
FAX: +91 40 66544224

London
Martin House
5 Martin Lane
London EC4R 0DP
TEL: +44 20 7398 9100
FAX: +44 20 7398 9200

New York
270 Madison Avenue
Suite 401

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- **Corporate Overview**
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- Investor Relations
- Careers
- Advisory Council

Featured Videos

NASDAQ Opening Bell

Ted A. Fernandez, Chairman and CEO of The Hackett Group, Inc., presides over the opening bell to celebrate the company's rebranding.

WATCH VIDEO

FedEx Tech Connect

Learn how Jay Cofield, Vice President of FedEx Tech Connect, is using the Hackett Performance Exchange™ to drive improvement.

WATCH VIDEO

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New York, NY 10016
TEL: +1 646 354 4411
FAX: +1 646 354 4401

Paris
8, rue de Fort Mahon
75002 Paris
TEL: +33 1 53 43 0400

Philadelphia
101 West Elm Street
Suite 330
Conshohocken, PA 19428
TEL: +1 610 234 5500
FAX: +1 610 234 5550

San Francisco
100 Montgomery Street
Suite 2225
San Francisco, CA 94104
TEL: +1 415 249 3500
FAX: +1 415 249 3501

Sydney
Suite 403
25 Lime Street
Sydney, NSW2000
Australia
TEL: 1300 457 770 (within Australia)
TEL: +61 2 9245 8830

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The Hackett Group
World Class Defined and Enabled

ABOUT US EXPERTISE SOLUTIONS BEST PRACTICES RESEARCH

GO

Business Benchmarking & Process Transformation Solutions

The Hackett Group offers a range of executive advisory, business benchmarking and process transformation consulting services, including shared services, offshoring and outsourcing advice. Hackett offers working capital solutions focused on delivering significant cash flow improvements, business process advice and offers business application consulting services that help maximize returns on IT investments.

Hackett Performance Exchange™

Accelerate your journey toward operational excellence and world-class performance

Where does your organization stand on its journey to operational excellence? Do you know which process improvement actions could have the greatest impact on performance today? The Hackett Group's Performance Exchange™ can help. LEARN MORE

Executive Advisory

Executive Advisory membership programs that provide fact-based guidance on how to address current issues and improve business performance

An executive advisory service can be a valuable ally for busy executives as they strive to lead their organizations through today's volatile business environment. The Hackett Group's Executive Advisory programs provide a trusted source of business benchmarking, fact-based insight to executives who are responsible for strategic and day-to-day management decisions. As a member of a Hackett Group executive advisory program, you'll have access to our experienced team of consultants and practitioners. Our advisors leverage our industry-leading business benchmarking and business best practices database to provide you with proven practices to address crucial strategic and operational issues. LEARN MORE

Process Transformation Consulting

Initiative-based strategy, design and implementation services

Most leading companies recognize the important role that process transformation initiatives can play in improving an organization's operating efficiency and effectiveness. The Hackett Group's Transformation Consulting Program assists companies with their process transformation efforts, helping them maximizing the performance of their processes while reducing their functional costs. LEARN MORE

Business Process Outsourcing

Delivering significant benefits across the entire Sourcing Lifecycle

Business Benchmarking

Performance metrics that assess both efficiency and effectiveness

The Hackett Group's Business Benchmarking Program uses a rigorously defined taxonomy of corporate functional processes and activities that ensures reliable comparisons across different firms. All of our consulting services, from business performance management to process transformation or business process outsourcing, are empirically grounded in our industry leading benchmarking and best practices database, built on more than 7,500 benchmarking engagements that The Hackett Group has completed benchmark studies with over 2,800 major corporations and government agencies, including 97% of the Dow Jones Industrials, 86% of the Fortune 100, 90% of the DAX 30 and 48% of the FTSE 100. LEARN MORE

Working Capital Management

Delivering benefits in Cash, Cost, Service and Risk Mitigation

The Hackett Group's Working Capital Management Program delivers sustainable cash flow improvement across business operations. Like all of our consulting services, our working capital management advice is empirically grounded in our industry leading business benchmarking and best practices database, built on more than 7,500 benchmarking engagements that The Hackett Group has conducted with nearly 3,000 major companies around the world. LEARN MORE

Enterprise Performance Management

Solutions Built on Best Practices

With increased market volatility, risk and complexity comes an enhanced need for sound enterprise performance management. Many organizations, however, struggle to plan for and react to change in a timely manner due to inefficient processes, a "silo" mentality or other factors. LEARN MORE

Workforce Management Implementation Services

Maximizing the Value of Your Workforce

SOLUTIONS

- Process Transformation
- Hackett Performance Exchange™
- Strategy Consulting
- Process Improvement
- Business Advisory
- Business Benchmarking
- Business Transformation
- Working Capital Management
- Business Process Outsourcing
- Enterprise Performance Management
- Workforce Management
- Hackett Technology Solutions
- SAP Applications

Learn More

Learn more about The Hackett Group's outsourcing consulting services, as well as our other performance-oriented solutions such as finance consulting, business benchmarking, shared services, process improvement and more.

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The Hackett Group's Globalization and Business Process Outsourcing Program uses its market leading intellectual property and its deep knowledge of the Business Process Outsourcing service provider capabilities to assist clients in selecting and contracting with the optimal Business Process Outsourcing service provider. LEARN MORE

To run at peak performance, organizations need to have the right people with the right skills in the right place at the right time. To accomplish this, organizations have turned to enterprise-grade Workforce Management technology that feature optimal employee scheduling, effective labor tracking and automation for wage and hour compliance. LEARN MORE

Strategy Consulting

Solutions for Turbulent Times

These volatile and economically challenging times magnify complexity, risk and the implications of every strategic decision. In this environment, sound strategy consulting is more important than ever. An advisor that brings the right combination of provocative perspectives, proven approaches and pragmatic thinking can make a difference in performance, profitability and operational excellence. LEARN MORE

Process Improvement

Your Key to Competitive Advantage

Leading companies strive for continuous process improvement to create value and competitive advantage in a complex and uncertain market. Well-planned initiatives that deliver sustainable process improvement in key areas such as supply chain, human resources, operations or finance can drive performance optimization and help your organization accomplish more with fewer resources. LEARN MORE

Hackett Technology Solutions

Enabling clients to optimize performance in major business areas

Whether it is assessing your current performance, implementing process transformation improvements, optimizing your enterprise-wide system or applying technology solutions to business performance issues, our consultants can lead your company to breakthrough process improvements and significant costs savings. LEARN MORE

SAP Implementation

Reach world-class business performance levels and realize greater return from SAP investments

With the latest SAP releases configured to Hackett Business Best Practices, your firm can start realizing the benefits of significant cost reduction and performance improvements in the very near term. Small and Medium Businesses (SMB) can also benefit from a best practices approach since Answerthink is a leading SAP Software Reseller and Technical Support Provider to the SMB marketplace. LEARN MORE

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The Hackett Group
World Class Defined and Enabled

Business Best Practices

Hackett-Certified™ Best Practices

Business best practices, as defined by The Hackett Group, are proven, repeatable, documented techniques that deliver measurable business performance management improvements. Executives look to business best practices benchmarking to help them speed their progress toward enterprise performance management improvement, and to guide them around pitfalls that might otherwise slow or even halt their initiatives.

What makes Hackett's business best practices unique is the reliability and depth of the documentation behind them. Business best practices that Hackett measures become "certified" when we can empirically document a correlation with the ability to achieve world-class performance. Our performance optimization standard of "world-class" describes organizations that achieved top-quartile performance in both effectiveness and efficiency.

> Only The Hackett Group offers online access to a searchable best practices benchmarking repository backed by over 15 years of research through our business Best Practices Intelligence Center™.

Business best practices recommended by The Hackett Group are based on our unparalleled database of more than 7,500 empirical studies from 2,800 participating organizations around the globe, including 97% of the Dow Jones Industrials, 86% of the Fortune 100, 90% of the DAX 30 and 48% of the FTSE 100.

Our studies address both qualitative performance - such as functional alignment with business, hr, procurement, IT and finance strategy, process design, process benchmarking, level of technology leverage, ability/readiness to partner with customers and suppliers, supply chain process and organization design - and traditional quantitative metrics, such as cost, cycle time, quality and productivity.

Best Practices Defined:

- Aligns with strategy
- Reduces costs
- Improves productivity
- Promotes timely execution
- Enables better decision making
- Leverages/exploits existing/emerging technologies
- Ensures acceptable levels of control and risk management
- Optimizes the skills and capabilities of the organization
- Promotes collaboration across the extended enterprise

Regardless of industry, geographic location or organizational structure, executives can rely on Hackett best practices to put the weight of empirical evidence behind their business decisions.

BEST PRACTICES

- Hackett-Certified™ Best Practices
- Best Practices Intelligence Center™

Best Practices Intelligence Center™

World-Class Performance is no accident. If you want to achieve world-class performance, Hackett is the only place that offers on-line access to a searchable best practices repository backed by empirical data through our Best Practices Intelligence Center™...

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Business Advisory Research & Insights

The Hackett Group's research is focused on specific areas of best-practices scholarship to develop advisory insight and tools to support clients as they work to achieve world-class performance.

A slowdown in economic growth normally means weaker customer demand, lower margins, reduced profitability and lower free cash flow. The industry sector, global revenue diversification and capitalization strategy will dictate a company's individual circumstance and corresponding actions. Hackett believes the following actions are critical considerations whose priority will be determined by circumstance, but at the end of the day it is profit growth and the corresponding free cash flow that drive shareholder returns.

- **Inefficiency kills competitiveness:** In order to maintain profitability and cash flow in times of weaker demand and margin pressure, it is imperative to understand and target inefficiencies throughout the organization. Some combination of both rapid and strategic cost reduction initiatives is critical to short-term results as long-term competitiveness.
- **Cash is king:** freeing up unnecessary working capital is the cheapest form of financing. During periods of economic growth the focus on the balance sheet wanes, leading to increased inventories, receivables and inefficient management of sourcing relationships and payables.
- **Accurate and timely information is critical:** Having timely and correct information is critical during volatile economic times. Ensuring that information allows you to understand how demand is changing and impacting your business is critical in planning and forecasting, which in turn are critical to decision-making.

History shows that companies that react swiftly have a far better chance of preserving profitability during business downturns. Equally evident, however, is that indiscriminate, across-the-board cost cutting often results in unsustainable savings, or worse, depleted capability to serve clients and respond to the next wave of opportunity.

Rather than view the current economic downturn as something that you can only "ride out," seize the moment and use the sense of urgency created by it to drive changes in the organization that will quickly reduce operating spend to appropriate levels and free up cash, which can then by invested in projects that will create competitive advantage.

To learn more about how The Hackett Group can help companies prepare for recession, contact us.

Research Available from The Hackett Group

- Finance Research
- Human Resources Research
- Information Technology Research
- Procurement Research

Contact one of our advisors for more information on any of our research.

RESEARCH

- Featured Research
- Sample Research Abstracts
- Performance Studies

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Learn more about how The Hackett Group can help companies prepare for recession.

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ABOUT US EXPERTISE SOLUTIONS BEST PRACTICES RESEARCH

Achieve Sustainable Cost Reducti

To negotiate the past few years' volatile economic environment, organizations across all sectors pursued aggressive cost reduction and cash flow management initiatives–including reducing staff and IT costs and freezing discretionary spending wherever they could, as quickly as they could. Now, many are resuming their focus on growth.

Are you prepared to reverse recession–driven cost reduction strategies while maintaining an appropriate level of ongoing attention to cost optimization?

The Hackett Group Delivers Forward-Looking Cost Reduction Solutions

The Hackett Group is a leading global strategy and operations consulting firm that provides cost reduction solutions across all major industries and all business functions.

Through extensive research and benchmarking, we have found that the strongest enabler of scalable, sustainable cost reduction is a strategically designed service delivery model that defines how certain work gets done, where and by whom. Furthermore, leading companies use strategies such as business process improvement programs, shared services centers and business process outsourcing to enable sound, sustainable business cost management.

Accordingly, we work with our clients to:

- Conduct comprehensive cash flow analysis
- Use business benchmarking to understand how top-performing companies structure and deliver key functions
- Develop and execute a road map for cost optimization, including a service delivery strategy that creates the flexibility to adjust operating and cost structure quickly to the realities of your environment

Why Choose The Hackett Group as Your Consulting Partner?

The Hackett Group has a proven track record of success helping leading global companies address their key enterprise challenges, including business transformation, cash flow management and more. We have deep, practical implementation experience with cost reduction initiatives in many environments, and we provide advice and solutions grounded in empirical data and proven practices to deliver measurable, meaningful results.

Working with The Hackett Group, you get fact-based consulting and solutions, backed by our hands-on experience and our proprietary Best Practices Intelligence Center™ – a repository of process metrics, benchmark data and process and cost reduction best practices developed from more than 7,500 projects conducted at the world's leading companies.

With offices in the Americas, Europe and Asia and clients in nearly 60 countries, our team can help you navigate global cost reduction challenges. We have provided business advisory and executive advisory solutions to nearly 3,000 companies across the globe, including 97 percent of the Dow Jones Industrial Index companies and 86% of the Fortune 100 and DAX 30–helping deliver more than $90 billion in sustainable cost savings and more than $25 billion in improved cash flow.

WORLD-CLASS PERFORMANCE

- Rapid Cost Reduction
- Operational Excellence
- Working Capital Management
- Business Process Outsourcing
- ROI from IT Investment
- Business Performance Management

Learn More

To learn about The Hackett Group's cost reduction and other consulting services, contact us.

CONTACT US

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Finance Consulting for Challenging Times

Recent economic and financial volatility have challenged corporate finance organizations to provide their companies with more and better services while at the same time reducing the costs of the finance function. In such circumstances, expert advice from an experienced finance consulting firm can be of great value to finance executives. The Hackett Group provides major companies around the world with a range of finance consulting services that help drive greater efficiency and effectiveness throughout the finance function.

The Hackett Group: Finance Consulting for World-Class Performance

The Hackett Group is a leading global strategy and operations consulting firm with particular expertise in benchmarking, best practices implementation, and business transformation, across all back-office functions including finance, human resources, procurement, and IT. We offer an on-demand executive advisory program specifically tailored toward finance leaders, as well as hands-on finance consulting services in support of critical challenges such as:

- Finance strategy. The Hackett Group's finance consulting can help drive efficiency in routine transactional processes, allowing a shift in focus to building the strategic value of the finance function. The Hackett Group works with finance executives to steer strategy toward creating a value-driven finance organization.
- Organizational effectiveness. By applying proven best practices derived from our close work with world-class organizations operating at exceptional levels of efficiency and effectiveness, our finance consulting services maximize the performance of finance processes while reducing their costs.
- Working capital management. With decades of hands-on experience in cash flow management, our working capital group REL has helped clients free up billions of dollars of cash, improving their ability to fund new products and markets, pay down debt, or undertake strategic initiatives.
- Globalized process sourcing. Advising clients on appropriate sourcing solutions is central to our finance consulting services. We can help you identify and prioritize processes to outsource or offshore, select an outsourcing provider or a site for a captive operation, and establish effective governance mechanisms. As a global company with deep experience in outsourcing consulting, The Hackett Group is an ideal partner to help you optimize your process sourcing strategy.
- Planning and performance management. The need for business performance management has never been greater. As part of our finance consulting services, The Hackett Group works with finance and controlling executives to ensure that the right metrics are employed and that early indicators are used to identify shifts in key forecasted components.
- Compliance. Applying best practices, The Hackett Group can help you simplify your compliance processes and reduce the risk and cost of compliance errors locally and globally.

To learn more about The Hackett Group's finance consulting services, or our other back-office consulting services such as supply chain process optimization, strategic sourcing and more, contact us.

FREE FINANCE BEST PRACTICES PAPER
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BEST PRACTICES INTELLIGENCE CENTER™
ACCELERATE IMPROVEMENT

LEVERAGE PROVEN PRACTICES
GET HACKETT-CERTIFIED™ BEST PRACTICES

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The Hackett Group

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Home About Us Why Use Hackett Programs & Services Research

2006 Baseline/The Hackett Group ROI Leadership Awards

Do you have an information systems deployment that has achieved outstanding ROI? Nominate your solution for an ROI Leadership Award from Baseline Magazine and The Hackett Group-the deadline is **June 16th.**

Nominate Your Solution

More Hackett clients

Our Programs & Services

New: Only Hackett offers services dedicated to generating cash flow improvements from working capital and process best practice optimization. Learn More...

- **Working capital** - through better management of inventory, payables and receivables
- **Costs** - by introducing effective and sustainable cost reduction measures
- **Service** - by instituting and embedding changes to processes that make them more effective on a continuing basis

The result - over $25 billion of cash freed up in the last 10 years alone from Hackett-REL solutions.

Insight gained through 3,300 empirical studies over 14 years at 2,000 leading organizations. Hackett provides objective, proven practice driven insight charting the path to world-class performance.

Business Advisory Programs
Benchmarking
Business Transformation

CNBC Europe interviews Hackett Chief Research Officer on Compliance costs

September 8, 2005

Hackett CRO Rick Roth discusses how compliance efforts have caused finance costs to rise and describes ways to reduce those costs, citing analysis from Hackett's 2005 Enterprise Book of Numbers™.

The Path to World-Class Business Performance

Only The Hackett Group defines world-class performance in sales, general and administrative (SG&A) and supply chain activities through empirical analysis.

Who defines world-class performance?
What are Performance Metrics?

"World-Class" in Hackett's empirically based methodology means companies ranking in the top 25% in Efficiency and Effectiveness metrics.

Moving beyond measurement... Rapidly translating benchmark findings into detailed functional strategies and process designs while leveraging proven best practices is where Business Transformation Services can assist clients during every step of the transformation journey.

What's in the Hackett Knowledge Center?
What are Hackett-Certified™ Practices?
What path do World-Class performers take?

Events & Webcasts

EVENT: Europe: 2nd Annual Best Practices Conference
June 1-2, 2006
Presenting the latest research on world-class business performance - key issues / performance metrics.

WEBCAST: Getting Past the Hype: Developing a Balanced Sourcing Strategy
May 23, 2006
The current outsourcing, offshoring and shared services environment...

ROUNDTABLE: High-Tech Industry Executive Roundtable
May 18, 2006
Designed exclusively for executives in the High-Tech industry, this event offers an opportunity for peer discussion of pressing business challenges prefaced by insights...

List of Events
List of Webcasts
List of Executive Roundtables

Recent News

The Hackett Group to Preview 2006 SG&A Research Findings At 16th Annual Best Practices Conference
April 20, 2006

List of Press Releases

Empirically-Based Research

Business Application Performance: Case Study

Open Research Studies
Contribute to a Hackett research study and receive a copy of study findings with

Client Point-of-View

GE Energy cuts operational complexity
At GE Energy, the largest of General Electric's industrial

Business Journals

most companies are struggling with excess cost and operating complexity in their IT function. However, by isolating problem drivers world-class companies are creating tangible business benefits.

(PDF Document)

data specific to your organization. All company data is kept strictly confidential.

(Takes 20 minutes)

subsidiaries, CIO John Seral says simplification will mean less cost and more effectiveness for the power generation giant.

(PDF Document)

Quoting Hackett

Manufacturing Business Technology, "Higher Pay Makes Procurement Staffs More Valuable"

May 1, 2006

Manufacturing Business Technology, "Accounting for a demand-driven model"

May 1, 2006

List of Past Journal Articles

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The Hackett Group

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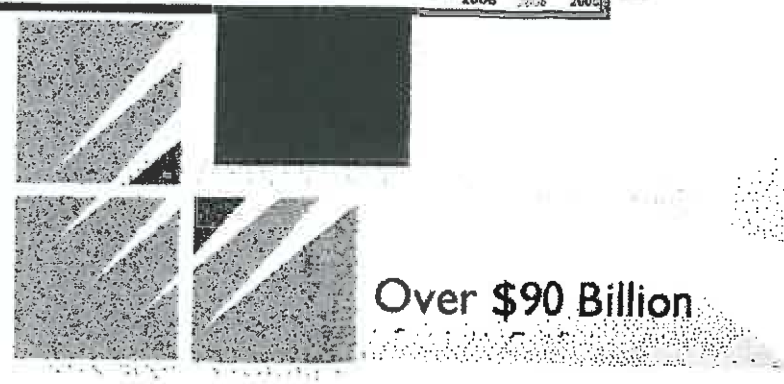
ABOUT US EXPERTISE SOLUTIONS BEST PRACTICES RESEARCH PERFORMANCE NETWORK



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Performance Network

A global community of executives and professionals in SG&A functions. Obtain fact-based insights into key business issues, strategies and metrics that are required to make fast, informed decisions for your organization.

Membership is free to qualified executives and professionals in the finance, human resources, information technology and procurement functions. More...

News

January 23, 2008

Answerthink Rebrands as The Hackett Group: CEO Ted Fernandez to Ring NASDAQ Opening Bell

December 13, 2007

Hackett: Ongoing Fallout from Compliance Activities Raises Cost of Finance at Typical Companies

18th Annual Best Practices Conference

Blending executive-level insights across the G&A landscape and newly published Hackett research and insights.

Performance Studies

The Hackett Group's Performance Studies allow you to identify your level of organizational performance and cover metrics on cost, staffing, cycle time, quality, and best practice utilization. More...

Open Performance Studies

- Compliance
- Globalization/Offshoring
- Learning & Development

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

THE HACKETT GROUP, INC.
vs.
HACKETT CONSULTING

Cancellation No. 92055460

ANTHONY SNOWBALL DEP EXH. NO. 10

Answerthink

Enabling World-Class Performance

2004 Annual Report

The Hackett Group

World-Class Defined.

EXHIBIT

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Ted A. Fernandez
Chairman and Chief Executive Officer

"We are pleased with the progress we made across many areas of our business. More importantly, we look forward to further capitalizing on the strategic investments we've made over the last several years."

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Dear Shareholders,

As we reflect on 2004 we are pleased with the progress we made across many areas of our business. More importantly, we look forward to further capitalizing on the strategic investments we ve made over the last several years in driving the growth and positioning of The Hackett Group, the enhancement of our Best Practice Implementation tools and the expansion of our strategic alliances.

We saw real progress in 2004 driven by our strong growth in Hackett and Business Transformation service lines and the emergence of our alliance with Accenture. A key driver of the Hackett growth was our ability to further emphasize the sale of renewable multi-year subscription-driven advisory services which grew very strongly throughout the year.

Leveraging the proprietary best practices intellectual capital from The Hackett Group, our benchmarking and business process advisory organization, remains the keystone of our growth strategy. Utilizing Hackett s comprehensive enterprise performance and best practice database, we provide empirically based, and therefore independent, and objective advice in a timeframe and at a price point which is impossible to match by our competitors without our Hackett assets. Additionally, by using this proprietary knowledge base as the foundation for our Best Practice Implementation tools, we can uniquely help clients validate targeted results and get greater ROI from their business and technology investments.

In 2005 we plan to further leverage the sales and marketing investments we made in The Hackett Group to sell a series of new Transformation advisory products along with our existing benchmarking and business advisory product offerings. We think this will allow us to extend the value we currently deliver to our Hackett clients and will also result in increased consulting opportunities for our other Answerthink service offerings. We also plan to further leverage our Answerthink Best Practice Implementation tools and the related best practices research to further expand the value and the offerings that Hackett currently provides to its advisory clients. The tighter integration of Hackett content with our strategic consulting and technology implementation services is a key element of our 2005 strategy.

Clients consistently attribute their decision to engage us to our Best Practice Implementation approach and tools. Clients make smarter business process and software configuration decisions as a result of our knowledge of best practices. We expanded our capability in this area in January 2005 with the launch of version 2 of our BPI tools. This new version incorporates an expanded best practice repository along with key revisions in business process areas recently impacted by emerging information technologies. We expect this new and expanded version of our tools and methods to further differentiate our ability to serve clients and contribute to the future success of our strategic partnerships.

In the first year of our strategic alliance with Accenture, we demonstrated the ability to consistently win new work. Most encouraging was our ability to turn benchmark and diagnostic engagements into sizeable application implementation joint wins. Throughout the year, we also saw an increase in the number of joint registered pursuits. Registered pursuits are very important because they mean we have formally agreed to pursue specific initiatives at agreed upon clients. This sets the stage for joint proposals and wins. When we consider the joint wins and increasing number of registered pursuits, we remain very optimistic about the favorable impact this alliance can have, especially on our technology implementation service lines.

In 2004 we opened our new global development center in Hyderabad, India. The facility will allow us to more aggressively market and leverage our offshore capability in all of our offerings.

Finally, Sarbanes-Oxley presented us with both opportunities and challenges in 2004. We were successful at developing a Sarbanes-Oxley compliance support practice. However, Sarbanes-Oxley also caused disruption of client IT integration projects in the second half of the year. Many companies chose to freeze their control environments through the end of their fiscal reporting periods in order to ensure Sarbanes-Oxley compliance for the year. As we move through 2005, we expect IT implementation opportunities to increase as the remediation recommendations that emanate from the 2004 compliance reviews are permanently addressed.

Although great progress was made in 2004, we know there is still great progress to be made. Lastly, it is important to acknowledge the great work and dedication of our associates, and recognize the loyalty of our clients and shareholders. As we look forward, we remain focused on our strategic priorities and look to build on our past achievements and fully realize the opportunities available to our organization.

Ted

Ted A. Fernandez
Chairman and Chief Executive Officer

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

THE HACKETT GROUP, INC.
vs.
HACKETT CONSULTING

Cancellation No. 92055460

ANTHONY SNOWBALL DEP EXH. NO. 11

Answerthink
Enabling World-Class Performance

2005 ANNUAL REPORT

The Hackett Group
World-Class Defined.

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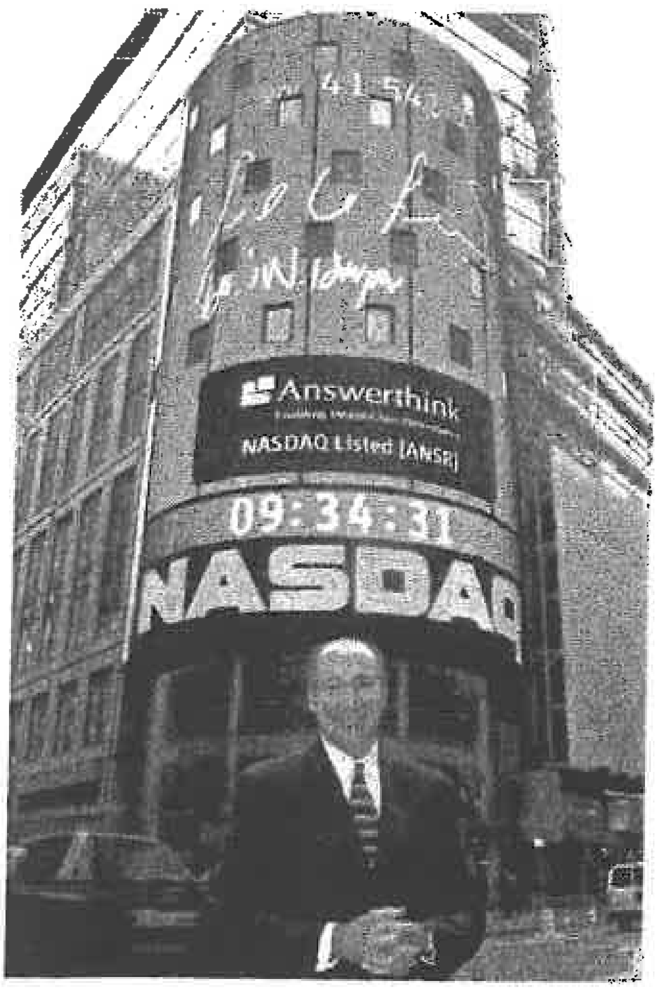


Ted A. Fernandez
Chairman and Chief Executive Officer

Dear Shareholders,

Over the last several years, we have transitioned to an intellectual capital-based business model grounded in our proprietary benchmark performance metrics and implementation strategies obtained through 3,500+ benchmark studies.

Our strategy requires us to build our Hackett brand around a series of membership advisory offerings that expose our clients to our most valuable assets on a continuous basis — our best practice benchmark data and the deep operational insight of our associates. Our Membership Advisory Program 2005 sales were up over 49% year over year, driven by 86% growth in our Executive Advisory Program sales, which are now our primary advisory program product platform. The corresponding membership advisory client and membership count continued to grow strongly — we were at approximately 400 members and 200 clients across 12 advisory programs as we exited the year.

Organizationally, we have hired and dedicated more senior advisors to support our programs while the majority of our IT investment in 2006 will focus on Membership Advisory Program support and infrastructure. We believe all of these actions will accelerate our path to 1000 members and 500 clients across 12 programs.

As we closed out 2005, it became clear that the integration of our Business Transformation Practice into The Hackett Group last March strengthened our business model. It allowed us to significantly improve the intellectual capital and "know how" we brought to our membership-based offerings while repositioning our Transformation practice to successfully compete against top-tier strategy firms. At that time we introduced a series of fixed priced/fixed scope business transformation offerings that place the experience and knowledge of Hackett Business Advisors at client locations to speed adoption of best practices through enterprise change initiatives. Integrating business transformation into Hackett delivered the synergies expected, including higher revenue per professional and increased sales volume through our professional sales channel.

Our Best Practice Solutions Group continued to see improving performance as a result of strong Hyperion implementation demand and improved performance from our Oracle/Peoplesoft Practice. Growth in our business intelligence and business application practices is directly attributable to our ability to leverage Hackett intellectual capital within our Best Practice Implementation approach on most of our technology implementation engagements. We continue to see an increasing number of clients directly attribute our Best Practice Implementation tools and insight as the fundamental reason for utilizing our services.

We believe that our strategy to combine Hackett empirical data and best practice research coupled with strategic execution expertise provides us with an opportunity to aggressively grow our content revenues while strategically positioning our Best Practice Implementation offerings. At the heart of that strategy is our strong belief that our membership-based advisory programs allow us to develop a close, continuous relationship with our clients that positions us to independently and objectively assist them as their execution needs emerge.

Our strategy is simple. Clients who value our advisory programs will turn to our other offerings as needs arise. We believe we made great progress to that end throughout the year. We continue to enrich our offerings, grow the relevance of the Hackett brand, and expand our best practice intellectual capital each and every quarter.

As we look forward this year, we continue to expect increasing demand for the unique combination of offerings and value proposition firmly grounded upon our proprietary benchmarking intellectual capital. If a client is interested in establishing baseline performance, they can turn to our benchmarks. If they desire on-demand access to proven best practices, performance metrics and Hackett Advisors in their pursuit of an enterprise performance improvement, they can use our membership-based Advisory Programs. Finally, if a client seeks onsite strategic planning or best practice implementation assistance, we can support that as well. In every case, we offer companies unique data-driven guidance that has proven its ability to help reduce cost, improve working capital, and enhance strategic alignment, resulting in improved efficiency and effectiveness of business processes.

We continue to believe that our expanding Hackett brand and best practices intellectual capital coupled can be utilized to support a broader service offering. Our focus and goals remain unchanged; acquisitions must be accretive and most importantly have strong synergy with our intellectual capital and strategic advisory offering focus. The recently announced REL Consultancy acquisition is an excellent example of a company that brings intellectual capital, which is highly complementary to our existing offerings as well as a very talented group of associates with a strong history and culture.

In summary, we believe that our empirical-based intellectual capital and strategic advisory focus provides us with a unique set of value creation opportunities. Accordingly, we continue to be excited about our strategic positioning, our progress and our future opportunities for both our associates and our investors.

Let me close by recognizing our associates. They have demonstrated a passion for our emerging business model and remain committed to deliver world-class insights to our clients. They continue to make measurable contributions across all of our strategic initiatives. I want to thank them and recognize their outstanding effort, spirit and results.

Ted

The Hackett Group

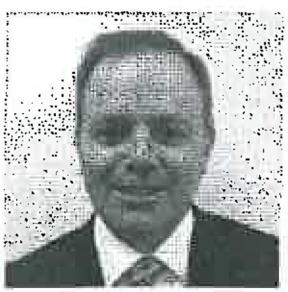
May 21-22, 2013

2013 Best Practices Conference

Miami, Florida
InterContinental Hotel

- Home
- Agenda
- Speakers
- Sponsors
- Hotel & Travel
- FAQS
- Registration

Conference Speakers



Tim Aylor

Managing Director Finance

Citigroup

Tim Aylor is the global process owner for all of Citi's planning processes, including the CCAR (Comprehensive Capital Analysis Review) modeling efforts, or the "bank stress test." Prior to assuming his current role, Tim was the head of financial planning and analysis for Citigroup's global operations and technology organization. Previously he spent 16 years at General Electric in a variety of roles and businesses with GE Lighting and GE Capital, concluding as the CFO for GE Transportations' joint venture with Harris Corporation. He joined Intersil Corporation as the CFO of its wireless division in 2002 and joined Citigroup in 2006 as the director of financial planning for Citi's retailer services business.

citi

Todd Blevins

Vice President, Finance Shared Services

The Hertz Corporation

Todd Blevins is the vice president for The Hertz Corporation's global finance shared services organization. Driven by a mission to be the most cost-efficient, highest-quality and customer-focused organization within The Hertz Corporation, Todd leads a global organization that supplies finance and accounting services to multiple Hertz business units and franchisees. Process areas include order-to-cash, purchase- to-pay, account-to-report and multiple other back-office support processes. The global services are managed through service centers based in Oklahoma City and Dublin. Prior to joining Hertz, Todd was vice president of business services for Cadbury plc.

Hertz.

Chris Brennan

Principal-in-Charge, Benchmarking & Business Transformation Services

The Hackett Group

Mr. Brennan has more than 20 years of experience assisting executives at Fortune 1000 companies, focusing on large-scale transformational improvements within the finance, human resource and supply chain functions. His expertise covers a wide range of industries and business sectors, including retail, manufacturing, transportation, media and entertainment, consumer packaged goods, food and beverage and financial services. Key clients include: FedEx, Ryder, Procter & Gamble, Pepsico, Target Stores, JC Penney, Tyson Foods, Yum Brands, 7-Eleven Stores, America Online, Fannie Mae, Fidelity Investments, MeadWestvaco, Stanley Corporation, Wyeth Pharmaceuticals, Rio Tinto, Terex, ExxonMobil, Xerox, General Mills and General Electric. Prior to joining The Hackett Group, Mr. Brennan was a partner at KPMG Consulting.

Richard Cardillo

Principal, Global Finance Practice Leader

The Hackett Group

Mr. Cardillo is a principal for The Hackett Group's business transformation services practice and serves as the leader for the finance practice. He has over 25 years of industry and consulting experience, with the majority of his work concentrated on delivering finance function improvement projects. Cardillo has a deep understanding of multidimensional, enterprisewide business performance improvement initiatives. His experience covers a wide range of finance transformation, having directed projects in the areas of finance analytics, shared services, process improvement, organizational design, ERP deployment and controls improvement.

Regina Charles

Vice President of Human Resources

Cytec Industries Inc.

Regina Charles, who joined Cytec in 2008, is a member of Cytec's executive leadership team. In her role as head of human resources, Regina works with Cytec leadership and the global human resources community to accelerate Cytec's growth, achieve strategic business objectives, implement organizational effectiveness tools and processes and address employee service needs. Regina previously had senior human resources responsibilities at E.I. Du Pont de Nemours and Company and was chief human resources officer for DuPont Electronic and Communication Technologies Platform. She had previously gained experience within DuPont as director of global people managing processes and as director of global human resources, DuPont Nylon. Regina also has 13 years' experience of human resources leadership at the Xerox Corporation in the areas of compensation, benefits, EEO & diversity, total quality and shared services.

CYTEC

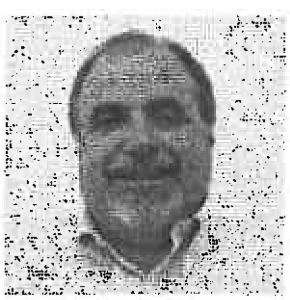
Randy Dacus

Director, Customer Financial Services

Lennox International Inc.

Randy Dacus has over 20 years of experience leading customer financial services and credit and collection functions at Fortune 500 firms. Currently, Randy is leading the customer financial services function at Lennox International, a publicly traded heating, air conditioning and refrigeration company. Prior to joining Lennox, he worked at HD Supply (a spin-off of Home Depot), CompuCom Systems, Coca-Cola Enterprises and RadioShack, where he successfully installed innovative credit and collection practices resulting in significant departmental efficiencies and working capital improvements. He is regarded as a subject matter expert on process reinvention, credit and collection automation, ERP implementations, credit scoring models and portfolio risk management. Randy is a Certified Credit Executive, International Certified Credit Executive and a Six Sigma Green Belt.

LENNOX INTERNATIONAL



John DeStefano

Chief Procurement Officer

Fidelity Investments

John DeStefano is responsible for supporting Fidelity's business units and functions in sourcing, contracting, purchasing, and paying for approximately $3.8 billion in external spend with approximately 9,000 suppliers. During his 25 years with Fidelity, John has held a number of senior service and operations roles that involved building and managing service operations for end customers in both Fidelity's retail and institutional distribution channels. He has served Fidelity in several U.S. regions, playing leadership roles in areas including financial operations, institutional client services, human resources and payroll, offshore India operations, and institutional call centers.

David Dungan

Vice-Chairman & Chief Operating Officer

The Hackett Group

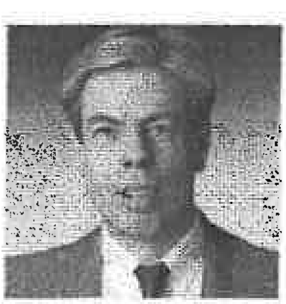
Mr. Dungan has more than 30 years of experience in working with senior executives and assisting them in creating world-class organizations. With KPMG he held various executive positions, including partner-in-charge of the Midwest/Ohio Valley Strategic Services Consulting Practice as well as the national partner-in-charge of the World-Class Finance Practice of KPMG's Strategic Consulting Practice. Dungan has been quoted in numerous publications and has been interviewed by Linda O'Bryon on PBS's Nightly Business Report television program.

Ted Fernandez

Chairman & Chief Executive Officer

The Hackett Group

Publicly held since May 28, 1998 (NASDAQ: HCKT), the company, under Mr. Fernandez's leadership, has expanded its world-leading benchmarking capabilities to provide comprehensive business transformation services that leverage its unique insight and metrics from world- class performance. During his 18 years at KPMG, Mr. Fernandez served as the national managing partner of KPMG's Business Transformation and Information Technology Consulting Division and served as a member of the firm's Management Committee. Working with many multinational clients, Mr. Fernandez has developed extensive experience in business transformation, change management, international operations, acquisition due diligence and post-merger integration.



Bernhard Fischer

Vice President, Solution Management, Shared Services

SAP AG

Bernhard Fischer is leading SAP's portfolio strategy and solution management, supporting several thousand

SAP clients in operating shared services for the finance, HR and IT functions. Prior to this role, he worked on SAP's partner engagement scheme with leading business process outsourcing providers. Mr. Fischer has 25 years of experience in the IT industry including set up and management of offshore service centers.

Shane Fitzsimons

Chief Financial Officer, Global Growth & Operations

General Electric Company

Prior to assuming the role of CFO, Global Growth & Operations, in 2011, Fitzsimmons served as vice president corporate financial planning and analysis. Fitzsimons, originally from Ireland, studied chartered accountancy. After working for seven years in public accounting both in Ireland and in the Netherlands, he joined GE Plastics in the Netherlands in 1994. He held numerous financial roles in GE Plastics including manager of European Reporting and finance manager for European Commercial. Prior to moving to Aircraft Engines in 2000, first as group financial planning and analysis manager and then CFO for Engine Services, he spent a year in corporate financial planning and analysis as a business analyst. Fitzsimons has been on the Bridgeport Hospital Board of Directors, co-chair of Team Connecticut for the Special Olympics and president of the GE Volunteers Foundation.

Gregg Gordon

Author of *Lean Labor* & Senior Director

Kronos Incorporated

Gregg Gordon, a mechanical engineer by training, has led a successful career, spanning 20 years, focused on enhancing operational efficiencies for manufacturers. At present, Gordon leads awareness-building efforts for the manufacturing market at Kronos Incorporated, a global provider of workforce management software solutions. Gordon has effectively led strategic workforce management initiatives both in the U.S. and in international markets working with multinational IndustryWeek 500 organizations. Passionate about workforce management and the role of labor in achieving operational efficiencies, Gordon also led the development of Overall Labor Effectiveness (OLE™), a key performance indicator that measures the utilization, performance and quality of the workforce and its impact on productivity.

KRONOS

Peter M. Jackson

Vice President, Finance, Business Development, Planning & Analysis

Lennox International Inc.

Peter Jackson previously served as vice president, finance - residential and shared services. During his tenure in that role, he led the development of a financial shared services organization, which included credit and collections, accounts payable, accounting and compliance. The team introduced process discipline driven by key performance indicators to improve both the cost profile and the customer experience. Previously, Jackson served at SPX Corporation as director of compliance, division CFO, and segment controller. Prior to SPX, he held various financial leadership positions at GE and Gerber Scientific. He is an M.B.A., a certified public accountant and a graduate of GE's Experienced Financial Leadership program.

LENNOX INTERNATIONAL

Michel Janssen

Principal, Chief Research Officer

The Hackett Group

Mr. Janssen is responsible for developing The Hackett Group's core intellectual property, including its thought leadership. He works with the C-suite corporate members of the company's Executive Advisory Council to understand the strategic impact of new and emerging trends on the business functions. He also heads its team of researchers and analysts in the US, Europe and India in the design and implementation of research studies, analysis of results, and production of resulting findings. Prior to joining The Hackett Group, he was president of supplier solutions for Everest Group, a consultancy specializing in strategic, management and transactional advice to buyers and suppliers of outsourcing services, and co-founder of the Everest Research Institute. In addition, Mr. Janssen provided strategic oversight for the Everest Group's Outsourcing Centre, the world's largest outsourcing community and vehicle for identifying early industry trends. Previously, he was a senior director in Gartner Group's strategic sourcing practice and held numerous management positions with EDS.

Sean Kracklauer

Principal-in-Charge, Advisory Services & Research

The Hackett Group

Over the past 19 years, Mr. Kracklauer has held executive financial and management consulting positions, advising Global 1000 businesses. His areas of expertise include business process improvement and technology enablement as well as organizational and service delivery model design. In addition, he has worked extensively in finance strategy, business performance management, planning and budgeting, financial reporting compliance, and functional design for business intelligence systems.

Vin Kumar

Associate Principal, Global Business Services Global Operations Leader

The Hackett Group

Mr. Kumar has 20 years of experience in the design, transformation and globalization of business services organizations. During this period he has worked with and advised companies in developing strategy, organizational design, risk and compliance assessment, outsourcing, building and operating global centers, and mergers and acquisitions integration. Prior to joining The Hackett Group, he led the global shared services and outsourcing organization for a leading engineering and design firm.

Karen Leggio

Vice President & Chief Supply Chain Officer

TE Connectivity Ltd.

Karen Leggio, vice president and chief supply chain officer for TE Connectivity, previously served as vice president of the global supply chain organization at Ingersoll Rand, where her team had responsibility for driving supply chain quality, delivery, price, service and innovation results across Ingersoll Rand's five global business sectors. Additionally, she served as leader of Ingersoll Rand's business operating system enterprise focus area for world-class operations, and she led the supply chain integration between Ingersoll Rand and Trane Corporation. Prior to joining Ingersoll Rand, Karen spent 23 years at General Motors in a variety of key supply chain assignments. Karen was recognized in 2005 by Automotive News as one of the top 100 women in the automotive industry.

TE connectivity

Sherri Liao

North American Practice Leader, Enterprise Performance Management Advisory Program

The Hackett Group

Throughout her consulting career, Ms. Liao has played key roles in the delivery of enterprise performance management (EPM) and finance transformation projects aimed at driving operational improvements through process design, organization design and enterprise system implementations. Areas of expertise include EPM landscape assessments on planning and forecasting, financial close, and management reporting; design and implementation of EPM-enabling technologies; service delivery model strategy and design to facilitate EPM competencies; and integrated business planning strategy and design. Ms. Liao has worked with clients in many industries including consumer packaged goods, manufacturing, retail, high-tech, financial services and life sciences. Before she joined The Hackett Group, she worked in Andersen's business consulting practice.

Michael Martiny

Vice President Global Business Solutions & Chief Information Officer

General Mills, Inc.

Mike leads the global shared services, employee services, continuous improvement, information technology and business systems organizations for General Mills. Mike began his career at Kraft USA in engineering and manufacturing management before joining The Pillsbury Company in 1992. He was promoted to vice president in 1995, leading international operations. Subsequent roles included global engineering and Pillsbury's SAP implementation. He led supply chain strategic initiatives and global sourcing development within General Mills before his promotion to chief information officer in 2008 and to vice president, global business solutions, in 2012.

William McCallion

Vice President, Finance, Enterprise Financial Systems

MetLife

Bill McCallion manages and coordinates the presentation of MetLife's financial results and business strategies to the analyst and investor community. Previously, McCallion was vice president and head of finance for MetLife's investments organization, where he was responsible for managing financial analysis and reporting, as well as for the income and expense plan and projection process. He joined MetLife in July 2006 after spending ten years in PricewaterhouseCoopers' insurance audit practice, where he worked with multinational and U.S. clients in the life and property/casualty insurance industries.

Harry C. Osle

Principal, Global Human Resources Practice Leader

The Hackett Group

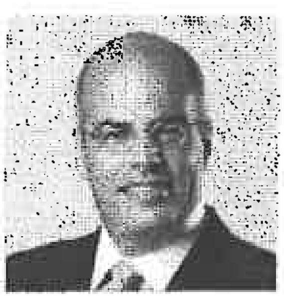
Mr. Osle has more than 15 years of experience in human resources and transformation consulting with specialization in HR strategy, world-class service delivery, HR benchmarking, HR management systems and use of automated solutions to streamline business processes. He is highly proficient in strategic framing, leveraging HR best practices, application implementation, workflow automation, project management, needs analysis, process control, benefits and placement technology and total quality management. Osle has strong leadership skills and technical expertise that help clients realize strategic corporate goals and reduce costs.

Larry Ott

Senior Vice President, Human Resources & Communications

Meritor, Inc.

Larry Ott is responsible for leadership and management of the human resources and communications functions for Meritor's more than 9,000 employees. Ott, who joined Meritor in August 2010, provides strategic focus in employee leadership and development initiatives, compensation, benefits and rewards systems, labor relations, and human resources systems, policies and practices. Before joining the company, Ott most recently served as senior vice president of global human resources for Ally Financial Inc. Prior to joining Ally, Ott had more than 22 years of business experience at General Motors, where he held various management positions with increasing levels of responsibility in the human resources and labor relations functions, the vast majority of which were directly in support of GM's global manufacturing operations.



Honorio Padrón III

Principal, Global Practice Leader, Global Business Services

The Hackett Group

Mr. Padrón's career spans 30 years in business technology management, enterprise business transformation, shared services, outsourcing and customer experience engineering. He is an expert in all facets of service delivery strategy, design and implementation. Padrón has held senior executive positions in government and at a number of Fortune 500 corporations, including CEO of Exelon's Business Services Company (BSC), CIO of Exelon Corporation, CIO of CompUSA, CIO of PepsiCo Restaurant Group, and Head of Global Reengineering for Burger King Corporation. *CIO Magazine* selected Mr. Padrón as one of its Top 100 CIOs, and he was named by RetailTech as one of its Top 10 CIOs. Additionally, he is the recipient of a *Computerworld* Smithsonian Award for CRM innovation and a Contract Design Award from the Outsourcing Institute.

John Reeves

Global Information Technology Executive Advisory Practice Leader

The Hackett Group

John Reeves has over 15 years of technology leadership experience including chief technical officer and vice president roles. Immediately prior to joining The Hackett Group, he was vice president of enterprise architecture and application development for global IT at Clear Channel Communications. He previously served as chief technology officer for the American Airlines account at Hewlett-Packard, working with executive management for both companies to improve innovation, solution development and thought leadership through modern technology strategy.

Jeffrey Rosengard

Principal, Global Finance Advisory Practice Leader

The Hackett Group

Mr. Rosengard has over 25 years of experience in working with CFOs to assist them in creating world-class finance organizations. He is a published authority on finance and treasury and a frequent lecturer at industry and professional conferences. A Certified Public Accountant, Mr. Rosengard has worked with senior executives at such companies as AT&T, Avon Products, Bausch & Lomb, Ford Motor Company and TRW to help them transform their finance organizations.

Claude Russ

Staff Vice President, Strategic Finance

FedEx Corporation

Claude Russ directs the development of FedEx's long-range and annual financial objectives, designs and directs the strategic planning and forecasting processes, and advises executive management and the board of directors on significant developments and strategic matters. Responsibilities also include scenario and business-case development in support of key initiatives, collaboration and coordination with operating company management on critical financial planning processes, and developing and deploying best-in-class processes and tools across the enterprise. Claude has over 11 years' experience at FedEx in multiple operating companies and functions, and he previously held managing director positions at FedEx Express, including responsibilities over global financial planning and accounting.

Christopher Sawchuk

Principal, Global Procurement Advisory Practice Leader

The Hackett Group

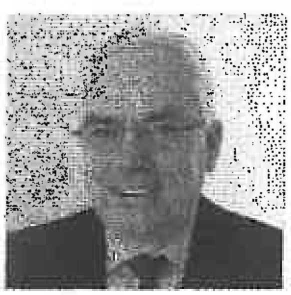
Mr. Sawchuk has more than 13 years of experience in supply management, working directly with Fortune 500 and midsized firms around the globe. He has worked in a variety of industries to improve all aspects of procurement, including process redesign, technology enablement, operations strategy planning, organizational change and strategic sourcing. Sawchuk is a regular contributor to business publications, a frequent presenter at industry events and co-author of *ePurchasingPlus*. He has been recognized by *Supply & Demand Chain Executive* magazine as one of its "Pros to Know." Sawchuk's background includes engineering and operation roles with both United Technologies and IBM.

Sanjay Sehgal

Principal & Global Practice Leader, Enterprise Performance Management

The Hackett Group

Mr. Sehgal has spent the last 15 years working with a number of Fortune 500 companies to improve the efficiency and effectiveness of their financial operations, specifically in the areas of budgeting and forecasting, financial close and consolidation and business reporting. His experience spans process, technology and organizational improvements, with particular industry expertise in manufacturing, consumer products and real estate. Mr. Sehgal was a principal in Archstone Consulting's CFO advisory services practice (acquired by The Hackett Group in 2009), where his responsibilities included sales and delivery of large, complex finance transformation projects to Global Fortune 500 clients. Mr. Sehgal was also a senior manager in Andersen's CFO practice, where his responsibilities included selling and delivering large-scale finance transformations and enterprise performance management projects.



Christopher Shanahan

Vice President Global Procurement - Corporate Shared Services

Becton, Dickinson and Company

Chris Shanahan is vice president global procurement for Becton, Dickinson, a leading manufacturer of medical devices, instrument systems and reagents. He joined BD in 2000 to establish the European arm of the newly formed company procurement function. In 2005, he moved to the U.S. to lead global procurement worldwide. He also directs facility operations for the corporate offices and manages BD's spend of $4 billion. As BD's source-to-pay global process leader, he and his team develop the overarching process that governs the chain of transactions from sourcing to payment on a worldwide basis. To drive sustainable change, Chris is focused on the integration of the procurement function with the business units. His team and leaders from the business units are overcoming traditional barriers to connect talent, tools and processes.

Anthony Snowball

Principal, Global Benchmarking Practice Leader

The Hackett Group

Mr. Snowball leads The Hackett Group's Global Benchmarking Practice. He is accountable for The Hackett Group's comprehensive measurement portfolio as well as supervising benchmark execution worldwide. In addition, Mr. Snowball also oversees The Hackett Group's strategic alliance network to establish partnerships and managing partner objectives to align with the company's corporate and market strategy. Prior to joining The Hackett Group, Anthony led projects focused on benchmarking and process optimization engagements as an employee with Andersen's business consulting practice.

David Taylor

Executive Vice President

Trintech Inc.

David Taylor is Trintech's executive vice president responsible for strategic planning, corporate business development, quality, process improvement and product strategy. He is an Associate Chartered Management Accountant (ACMA) and an international associate of the American Institute of Certified Public Accountants (AICPA). David is a member of the Dallas chapter of Financial Executives International (FEI) and is currently serving on the research advisory panel with the Chartered Institute of Management Accountants and FEI's committee on finance and IT.

trintech

Robyn Tyler

Vice President, Global Talent Management

Office Depot, Inc.

Robyn Tyler has been a practitioner in the organizational development and talent management space for over 10 years. In her role as vice president at Office Depot, Robyn has improved the company's approach to human capital management. She was instrumental in implementing a new talent management system that processes the use of new techniques for identifying and managing future workforce needs. As part of this initiative, she built a talent war room, where optimum matches are made between future organizational requirements and next-generation, high-potential leaders. In support of these initiatives, she developed and fielded a leadership development platform aimed specifically at growing the next-generation leaders and a talent acquisition strategy that focuses on attracting the talent needed for the future.

Office DEPOT

Steven Voskuil

Vice President Finance

Kimberly-Clark International

Steve leads finance and strategy for Kimberly-Clark International (KCI), the division of Kimberly-Clark (K-C) focused on markets outside of North America. Steve has responsibility for driving profitable growth, leading strategic planning, driving cash and capital efficiency, managing enterprise risks and building global leadership capability. Steve also serves as the executive sponsor for talent development for the company's global finance organization. Prior to being part of KCI's leadership team, Steve served as vice president and treasurer for Kimberly-Clark Corporation. Since joining the company in 1992, Steve has continued to assume roles of increasing responsibility in business analysis, strategic analysis and treasury for K-C's businesses worldwide. Steve also led a customer development team for one of K-C's largest global customers.

Kimberly-Clark

Mona Weidner

Director, Global Process Owner, Record-to-Report

Coca Cola Refreshments USA, Inc.

Mona Weidner directs the general ledger and transaction tax operations at finance shared services for Coca-Cola Refreshments (CCR), The Coca-Cola Company's North American bottling entity. Mona has spent 12 years of her 29-year career within the Coca-Cola system at the Tampa-based shared services organization, which was founded in 2001. Mona's responsibilities include driving performance optimization through continuous process improvements with goals of operational excellence. Prior to assuming her role in shared services, she held various field and controllership positions with independent Coca-Cola bottlers.

Coca-Cola

Penny Weller, Ph.d, C.M.A.

Senior Director, North American Advisory Practice Leader, Global Business Services

The Hackett Group

A Six Sigma Black Belt and certified master trainer, Dr. Weller has a wealth of experience in shared services, accounting and finance. In her current capacity, she responds to client inquiries, researches topical shared services issues and coordinates conference and client networking events. Before joining The Hackett

Group, Dr. Weller was a senior executive in shared services at Pfizer Inc. (formerly Pharmacia and Upjohn) for more than 30 years. There, her management responsibilities included general ledger, inter- company, accounts receivable, property, consolidations, reporting, accounts payable, travel and expense, cost and inventory. In addition to her shared services expertise - including accounting and finance integrity and controls - Dr. Weller has managed multiple large-scale merger and system transitions, as well as initiatives in process improvement, activity-based management and balanced scorecard design and implementation.

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Questions

Call:: +1 704 366 5191
E-mail: Lynn Morrow, Event Manager at The Hackett Group

To Top

The Hackett Group Announces First Quarter 2013 Results

Published: May 7, 2013

- Q1 2013 revenue of $54.3 million, up slightly from prior year
- Pro forma EPS of $0.10, at mid point of guidance and up 25% from prior year
- Board authorizes additional $5.0 million for stock repurchase program

MIAMI--(BUSINESS WIRE)--May. 7, 2013-- The Hackett Group, Inc. (NASDAQ: HCKT), a global strategic advisory and business transformation consulting firm, today announced its financial results for the first quarter, which ended March 29, 2013.

First quarter 2013 revenue was $54.3 million. Pro forma diluted earnings per share were $0.10 for the first quarter of 2013, as compared to $0.08 for the same period in 2012. Pro forma information is provided to enhance the understanding of the Company's financial performance and is reconciled to the Company's GAAP information in the accompanying tables.

GAAP diluted earnings per share were $0.06 for the first quarter of 2013, as compared to $0.09 in the first quarter of 2012. GAAP earnings per share for the first quarter of 2012 benefitted by $1.3 million, or $0.03 per share, resulting from the release of tax valuation allowances.

At the end of the first quarter of 2013, the Company's cash balances were $12.0 million. During the first quarter, the Company paid down $4.5 million of its credit facility, leaving a $20.5 million balance at quarter end.

Subsequent to the end of the first quarter of 2013, cash was utilized to repurchase approximately 113 thousand shares of the Company's common stock at an average price of $4.79, for a total cost of $544 thousand. At its recent meeting, the Board of Directors approved to increase the stock repurchase program authorization by an additional $5.0 million.

"Even though new year initiatives did not ramp up as quickly as we planned, we reported solid operating results," stated Ted A. Fernandez, Chairman and CEO of The Hackett Group, Inc. "Given the solid US momentum that we are experiencing, we believe we can continue to improve our financial performance even if European headwinds continue."

Based on the current economic outlook, the Company estimates total revenue for the second quarter of 2013 to be in the range of $54.0 million to $56.0 million, and estimates pro forma diluted earnings per share to be in the range of $0.10 to $0.12.

Other Highlights

IT Key Issues Study - A new IT Key Issues study from The Hackett Group found that IT organizations can expect to see small increases in operating budgets for 2013, even as cutbacks continue across other parts of business services, including finance, HR, and

EXHIBIT
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procurement. The study found that the IT budget increases are in part being driven by increased demand and expectations, as IT organizations are being asked to respond to the new "borderless" business environment by building out a flexible, virtual, data-enabled model for service delivery.

Procurement Key Issues Study - A new Procurement Key Issues study from The Hackett Group found that procurement leaders face new pressures in 2013 as companies focus on profitable growth and balance local agility with global scale in their value chains. While company revenue continues to grow, procurement leaders along with other business functions continue to be asked to do more with less. Procurement leaders are now focusing on a much broader list of procurement strategy priorities designed to improve their alignment with business objectives.

Manufacturing Costs Research - New research from The Hackett Group found that US manufacturers are targeting an aggressive 1.5 percent reduction in cost of goods sold (COGS) for 2013 in an effort to drive margin growth. The study found that with GDP growth stabilizing in major regions of the world, manufacturers are expecting reduced sales forecast uncertainty, enabling them to plan supply requirements and manufacturing capacity with far greater confidence.

2013 Best Practices Conference Preview - The Hackett Group announced plans to hold its 2013 U.S. Best Practices Conference in Miami on May 21-22. The event will feature senior executives from nearly a dozen of the world's largest and most successful companies - including Citigroup, General Electric, General Mills, Kimberly-Clark, MetLife, Office Depot, and TE Connectivity - discussing their efforts to improve efficiency and effectiveness in finance, IT, HR, procurement, and other business services.

On Tuesday, May 7, 2013, senior management will discuss first quarter results in a conference call at 5:00 P.M. ET.

The number for the conference call is (800) 779-3138, [Passcode: First Quarter, Leader: Ted A. Fernandez]. For International callers, please dial (517) 308-9381.

Please dial in at least 5-10 minutes prior to start time. If you are unable to participate on the conference call, a rebroadcast will be available beginning at 8:00 P.M. ET on Tuesday, May 7, 2013 and will run through 5:00 P.M. ET on Tuesday, May 21, 2013. To access the rebroadcast, please dial (866) 441-1052. For International callers, please dial (203) 369-1059.

In addition, The Hackett Group will also be webcasting this conference call live through the StreetEvents.com service. To participate, simply visit http://www.thehackettgroup.com approximately 10 minutes prior to the start of the call and click on the conference call link provided. An online replay of the call will be available after 8:00 P.M. ET on Tuesday, May 7, 2013 and will run through 5:00 P.M. ET on Tuesday, May 21, 2013. To access the replay, visit http://www.thehackettgroup.com or http://www.streetevents.com.

For additional information on The Hackett Group, please visit our website at www.thehackettgroup.com.

About The Hackett Group

The Hackett Group, Inc. (NASDAQ: HCKT), a global strategic business advisory and business transformation consulting firm, is a leader in best practice advisory, benchmarking, and transformation consulting services including strategy and operations, working capital management, shared services and globalization advice. Utilizing best practices and implementation insights from more than 8,500 benchmarking engagements, executives use The Hackett Group's empirically-based approach to quickly define and implement initiatives to enable world-class performance. Through its REL group, The Hackett Group offers working capital solutions focused on delivering significant cash flow improvements. Through its Archstone Consulting group, The Hackett

Group offers Strategy & Operations consulting services in the Consumer and Industrial Products, Pharmaceutical, Manufacturing and Financial Services industry sectors. Through its Hackett ERP Solutions group, The Hackett Group offers business application consulting services that help maximize returns on IT investments. The Hackett Group has completed benchmark studies with over 3,500 major corporations and government agencies, including 97% of the Dow Jones Industrials, 84% of the Fortune 100, 87% of the DAX 30 and 48% of the FTSE 100.

More information on The Hackett Group is available: by phone at (770) 225-7300; by e-mail at info@thehackettgroup.com.

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors that may cause The Hackett Group's actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. Factors that impact such forward-looking statements include, among others, the ability of our products, services, or offerings mentioned in this release to deliver the desired effect, our ability to effectively integrate acquisitions into our operations, our ability to retain existing business, our ability to attract additional business, our ability to effectively market and sell our product offerings and other services, the timing of projects and the potential for contract cancellations by our customers, changes in expectations regarding the business consulting and information technology industries, our ability to attract and retain skilled employees, possible changes in collections of accounts receivable due to the bankruptcy or financial difficulties of our customers, risks of competition, price and margin trends, foreign currency fluctuations, changes in general economic conditions and interest rates as well as other risks detailed in our Company's Annual Report on Form 10-K for the most recent fiscal year filed with the Securities and Exchange Commission. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The Hackett Group, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Quarter Ended	
	March 29, 2013	March 30, 2012
Revenue:		
Revenue before reimbursements	$48,871	$49,044
Reimbursements	5,478	5,039
Total revenue	54,349	54,083
Costs and expenses:		
Cost of service:		
Personnel costs before reimbursable expenses (includes $823 and $758 of stock compensation expense in the quarters ended March 29, 2013 and March 30, 2012, respectively)	32,042	30,560
Reimbursable expenses	5,478	5,039
Total cost of service	37,520	35,599
Selling, general and administrative costs (includes $699 and $507 of stock compensation expense in the quarters ended March 29, 2013 and March 30, 2012, respectively)	13,300	14,507

Total costs and operating expenses	50,820	50,106
Income from operations	3,529	3,977
Other income (expense):		
Interest income	1	9
Interest expense	(142)	(27)
Income from continuing operations before income taxes	3,388	3,959
Income tax expense	1,359	108
Income from continuing operations	2,029	3,851
Loss from discontinued operations	(71)	(318)
Net income	$ 1,958	$ 3,533
Basic net income per common share:		
Income per common share from continuing operations	$ 0.07	$ 0.10
Loss per common share from discontinued operations	(0.00)	(0.01)
Net income per common share	$ 0.06	$ 0.09
Diluted net income per common share:		
Income per common share from continuing operations	$ 0.06	$ 0.10
Loss per common share from discontinued operations	(0.00)	(0.01)
Net income per common share	$ 0.06	$ 0.09
Weighted average common shares outstanding		
Basic	30,292	38,524
Diluted	31,473	39,938
Pro forma data (1):		
Income from continuing operations before income taxes	$ 3,388	$ 3,959
Stock compensation expense	1,522	1,265
Amortization of intangible assets	150	137
Pro forma income before income taxes	5,060	5,361
Pro forma income tax expense	2,024	2,144
Pro forma net income	$ 3,036	$ 3,217
Pro forma basic net income per common share	$ 0.10	$ 0.08
Weighted average common shares outstanding	30,292	38,524
Pro forma diluted net income per common share	$ 0.10	$ 0.08
Weighted average common and common equivalent shares outstanding	31,473	39,938

(1)The Company provides pro forma earnings results (which exclude the amortization of intangible assets and stock compensation expense, and results from discontinued operations and include a normalized tax rate) as a complement to results provided in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP results are provided to enhance the overall users' understanding of the Company's current financial performance and its prospects for the future. The Company believes the non-GAAP results provide useful information to both management and investors by excluding certain expenses that it believes are not indicative of its core operating results. The non-GAAP measures are included to provide investors and management with an alternative method for assessing operating results in a manner that is focused on the performance of ongoing operations and to provide a more consistent basis for comparison between quarters. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. In addition, since the Company has historically reported non-GAAP results to the investment community, it believes the continued inclusion of non-GAAP results provides consistency in its financial reporting. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP.

The Hackett Group, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	March 29, 2013	December 28, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,337	$ 16,906
Accounts receivable and unbilled revenue, net	33,798	36,869
Deferred tax asset, net	4,221	4,741
Prepaid expenses and other current assets	2,646	2,335
Total current assets	52,002	60,851
Restricted cash	684	683
Property and equipment, net	13,008	12,859
Other assets	1,409	1,598
Goodwill, net	75,104	76,220
Non-current deferred tax asset, net	779	1,710
Total assets	$ 142,986	$ 153,921
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,816	$ 7,711
Accrued expenses and other liabilities	21,414	26,484
Current portion of long-term debt	-	2,895
Total current liabilities	26,230	37,090
Long-term debt	20,526	22,105
Total liabilities	46,756	59,195
Shareholders' equity	96,230	94,726
Total liabilities and shareholders' equity	$ 142,986	$ 153,921

The Hackett Group, Inc.
SUPPLEMENTAL FINANCIAL DATA
(unaudited)

	Quarter Ended		
	March 29, 2013	March 30, 2012	December 28, 2012
Revenue Breakdown by Group:			
(in thousands)			

The Hackett Group (2)	$ 43,612	$ 47,124	$ 45,130
ERP Solutions (3)	10,737	6,959	9,912
Total revenue	$ 54,349	$ 54,083	$ 55,042
Revenue Concentration:			
(% of total revenue)			
Top customer	4%	5%	3%
Top 5 customers	14%	16%	13%
Top 10 customers	23%	27%	22%
Key Metrics and Other Financial Data:			
Total Company:			
Consultant headcount	719	691	724
Total headcount	906	891	921
Days sales outstanding (DSO)	56	56	59
Cash (used in) provided by operating activities (*in thousands*)	$ (547)	$ (3,833)	$ 9,219
Depreciation (*in thousands*)	$ 499	$ 614	$ 483
Amortization (*in thousands*)	$ 150	$ 137	$ 136
The Hackett Group *(in thousands)*:			
The Hackett Group annualized revenue per professional (2)	$ 329	$ 374	$ 342
ERP Solutions:			
ERP Solutions consultant utilization rate (3)	75%	69%	68%
ERP Solutions gross billing rate per hour (3)	$ 137	$ 119	$ 135
Share Repurchase Plan (4):			
Shares purchased in the quarter (*in thousands*)	-	-	-
Cost of shares repurchased in the quarter (*in thousands*)	$ -	$ -	$ -
Average price per share of shares purchased in the quarter	$ -	$ -	$ -
Remaining authorization (*in thousands*)	$ 556	$ 556	$ 556

(2) The Hackett Group encompasses the Benchmarking, Business Transformation and Executive Advisory groups, and EPM Technologies.

(3) ERP Solutions encompasses Best Practice Implementation of ERP Software, which is currently SAP.

(4) The Share Repurchase Plan information does not include 11.0 million shares purchased pursuant to the Dutch Tender Offer at $5.00 per share for a total of $55.0 million, excluding fees, during Q1 2012.

Source: The Hackett Group, Inc.

The Hackett Group, Inc.
Robert A. Ramirez, CFO, 305-375-8005
rramirez@thehackettgroup.com

More Press Releases

The Hackett Group's 2013 Best Practices Conference Focuses on "Borderless Business: Integrating the Enterprise"

Working Capital Performance Deteriorates in 2012 As Opportunity at Largest U.S. Companies Now Tops $1 Trillion

The Hackett Group to present at the Second Annual Marcum LLP MicroCap Conference

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

THE HACKETT GROUP, INC
vs.
HACKETT CONSULTING

Cancellation No. 92055460

ANTHONY SNOWBALL DEP EXH. NO. 14

YAHOO! FINANCE

The Hackett Group to present at the Second Annual Marcum LLP MicroCap Conference

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MIAMI, May 29, 2013 /PRNewswire/ -- The Hackett Group, Inc. (HCKT), a global strategic advisory and business transformation consulting firm, announced today that Ted A. Fernandez, Chairman and CEO, will present at the Second Annual Marcum LLP MicroCap Conference on Thursday, May 30, 2013 in New York City at the Grand Hyatt Hotel.

The Company's presentation is scheduled to begin at 11:30 am EDT and will be available via a live webcast. To access the webcast, go to http://wsw.com/webcast/marcum/hckt/.

For more information and registration, please visit the conference website: http://www.marcumllp.com/microcap

About The Hackett Group

The Hackett Group, Inc. (HCKT), a global strategic business advisory and business transformation consulting firm, is a leader in best practice advisory, benchmarking, and transformation consulting services including strategy and operations, working capital management, shared services and globalization advice. Utilizing best practices and implementation insights from more than 8,500 benchmarking engagements, executives use The Hackett Group's empirically-based approach to quickly define and implement initiatives to enable world-class performance. Through its REL group, The Hackett Group offers working capital solutions focused on delivering significant cash flow improvements. Through its Archstone Consulting group, The Hackett Group offers Strategy & Operations consulting services in the Consumer and Industrial Products, Pharmaceutical, Manufacturing and Financial Services industry sectors. Through its Hackett ERP Solutions group, The Hackett Group offers business application consulting services that help maximize returns on IT investments. The Hackett Group has completed benchmark studies with over 3,500 major corporations and government agencies, including 97% of the Dow Jones Industrials, 84% of the Fortune 100, 87% of the DAX 30 and 48% of the FTSE 100.

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About Marcum LLP

Marcum LLP is one of the largest independent public accounting and advisory services firms in the nation. Ranked among the top 15, Marcum LLP offers the resources of 1,000 professionals, including over 125 partners, in more than 20 offices throughout New York, New Jersey, Massachusetts, Connecticut, Pennsylvania, California, Florida, Grand Cayman and China. Headquartered in New York City, the Firm's presence runs deep with full-service offices strategically located in major business markets. Marcum is a member of the Marcum Group, an organization providing a comprehensive range of professional services spanning accounting and advisory, technology solutions, wealth management, and executive and professional recruiting. The Marcum Group companies include Marcum LLP; Marcum Technology LLC; Marcum Search LLC; Marcum Financial Services LLC; Marcum Bernstein & Pinchuk LLP; MarcumBuchanan Associates LLC; and Marcum Cronus Partners LLC.

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve known and unknown risks, uncertainties and other factors that may cause The Hackett Group's actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. Factors that impact such forward-looking statements include, among others, the ability of our products, services, or offerings mentioned in this release to deliver the desired effect, our ability to effectively integrate acquisitions into our operations, our ability to retain existing business, our ability to attract additional

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business, our ability to effectively market and sell our product offerings and other services, the timing of projects and the potential for contract cancellations by our customers, changes in expectations regarding the business consulting and information technology industries, our ability to attract and retain skilled employees, possible changes in collections of accounts receivable due to the bankruptcy or financial difficulties of our customers, risks of competition, price and margin trends, foreign currency fluctuations, changes in general economic conditions and interest rates as well as other risks detailed in our Company's Annual Report on Form 10-K for the most recent fiscal year filed with the Securities and Exchange Commission. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contact:

Robert A. Ramirez, CFO, 305-375-8005 or rramirez@thehackettgroup.com

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BUSINESS > COMPANIES > HACKETT GROUP INC.

Hackett Group Inc.

HCKT: Nasdaq: Industrials/Commercial Services & Supplies

LAST	CHANGE		VOLUME
$5.14	–0.01	–0.19%	7.9K

06/11/2013 3:29 PM ET

News about Hackett Group Inc., including commentary and archival articles published in The New York Times.

Company Information

The Hackett Group, Inc. (Hackett) is a global advisory firm. The Company's services include advisory, benchmarking, and transformation consulting services, including shared services, off shoring and outsourcing advice. The Company operates in the business and technology consulting services segment. The Company operates primarily in the areas of North America and European countries. Through its Archstone Consulting group, Hackett offers strategy and operations consulting services in the consumer and industrial products, pharmaceutical, manufacturing and financial services industry sectors. Through its REL group, Hackett offers working capital solutions focused on delivering cash flow improvements. Through its enterprise resource planning solutions group (ERP Solutions), Hackett offers business application consulting services that help maximize returns on information technology (IT) investments.

Hackett Group Inc.
30th Floor, 1001 Brickell Bay Drive MIAMI FL 33131
Phone: +1 (305) 375-8005
Fax: +1 (305) 379-8810

Web site

Press Releases for Hackett Group Inc.

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The Hackett Groupâ€™s 2013 Best Practices Conference Focuses on â€œBorderless Business: Integrating the Enterpriseâ€
June 7, 2013 - Business Wire

Working Capital Performance Deteriorates in 2012 As Opportunity at Largest U.S. Companies Now Tops $1 Trillion
June 6, 2013 - Business Wire

The Hackett Group to present at the Second Annual Marcum LLP MicroCap Conference
May 30, 2013 - PR Newswire

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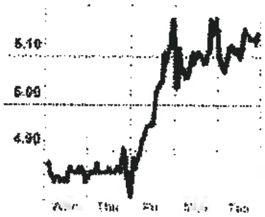
Price Chart

1 day | 5 day | 3 month | 1 year | 5 year



Data delayed at least 15 minutes
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Stock Snapshot

Today's open	$5.09
Monday's close	$5.15
52-week range	
52-week high	$5.82
52-week low	$3.20
Market capitalization	162.9M
Avg. volume (10-day)	75.0K
Shares outstanding	31.6M
Dividend (yield)	$0.10 (1.95%)
Ex-dividend date	12/18/2012

Key Fundamentals

P/E ratio	10.5x
Earnings per share	$0.49
Revenue	$231.4M
Profit margin	6.57%
Return on equity	17.23%

Fundamentals are for the trailing 12 months
View financials »

Quarterly Earnings

Actual earnings per share

Q1 12	0.09
Q2 12	0.12
Q3 12	0.08
Q4 12	0.21
Q1 13	0.06

0.10 0.15 0.20

Analyst estimates: Range Consensus

Estimated earnings next 2 quarters

Q2 13	0.11
Q3 13	0.11

0.11 0.11 0.12

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Peer Performance

	30-day % change	52-week % change	3-month avg. vol.
Hackett Group Inc.	+5.63%	+2.10%	18.4K
Asset Acceptance Capital Corp.	+1.07%	+13.01%	65.4K
PRG-Schultz International Inc.	+0.93%	-21.19%	26.5K
CRA International Inc.	-3.41%	+2.22%	5.9K

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3. Your Money: Fine Print and Red Tape in Long-Term Care Policies

» Strategy of Business

vendor disclosures

Analyst Ratings

Buy	3
Outperform	0
Hold	1
Underperform	0
Sell	0
Consensus	Buy

(As of 06/07/2013)

Executive Officers

Executive	Title
Ted A. Fernandez	Chmn. since 1997
David N. Dungan	Vice Chmn. since 2006
Roberto A. Ramirez	CFO since 2007

Latest Insider Trades

HUSTON EDWIN A 05/30/2013

Exercise or conversion of derivative security exempted pursuant to Rule 16b-3

Shares bought: 10,000
Share price: $2.14
Trans. value: $21,400

HUSTON EDWIN A 05/30/2013

Open market or private sale of non-derivative or derivative security

Shares sold: 10,000
Share price: $5.08
Trans. value: $50,800

WIX ALAN T G 04/08/2013

Exercise or conversion of derivative security exempted pursuant to Rule 16b-3

Shares bought: 7,500
Share price: $2.14
Trans. value: $16,050

Company Events

On May 7, 2013, HCKT announced quarterly earnings of $0.10 per share for 2013Q1, beating the consensus estimate of $0.10.

Filings

Quarterly Financials May 8, 2013	10-Q
Quarterly Financials November 7, 2012	10-Q
Annual Financials March 13, 2013	10-K

View all filings »

4. Mott Green, a Free-Spirited Chocolatier, Dies at 47
5. Nuclear Power's Future May Hinge on Georgia Project
6. Bucks: The $1 Million Nest Egg
7. 'PBS NewsHour' Plans Layoffs as It Closes Offices
8. DealBook: A Rise in Requests From Brokers to Wipe the Slate Clean
9. No Tie-Ins. No Touch Screens. No Apps.
10. At Theme Parks, a V.I.P. Ticket to Ride

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Hackett Group Inc.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD

THE HACKETT GROUP, INC.
vs.
HACKETT CONSULTING

Cancellation No. 92055460

ANTHONY SNOWBALL DEP EXH. NO. 16

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 30, 2005

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 0-24343

Answerthink, Inc.

(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of incorporation or organization)

65-0750100
(I.R.S. Employer Identification Number)

1001 Brickell Bay Drive, Suite 3000
Miami, Florida
(Address of principal executive offices)

33131
(Zip Code)

(305) 375-8005
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $.001 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

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 [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

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

The aggregate market value of the common stock held by non-affiliates of the registrant was $141,151,839 on July 1, 2005 based on the last reported sale price of the registrant's common stock on the Nasdaq National Market.

The number of shares of the registrant's common stock outstanding on March 3, 2006 was 45,217,826.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of the Form 10-K incorporates by reference certain portions of the registrant's proxy statement for its 2006 Annual Meeting of Stockholders to be filed with the Commission not later than 120 days after the end of the fiscal year covered by this report.

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ANSWERTHINK, INC.
FORM 10-K
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report and the information incorporated by reference in it include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and forecasted demographic and economic trends relating to our industry are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Factors that impact such forward-looking statements include, among others, our ability to attract additional business, the timing of projects and the potential for contract cancellation by our customers, changes in expectations regarding the business and information technology advisory and consulting industries, our ability to attract and retain skilled employees, possible changes in collections of accounts receivable due to the bankruptcy or financial difficulties of our customers, risks of competition, price and margin trends, and changes in general economic conditions and interest rates. An additional description of our risk factors is described in Part I – Item 1A. "Risk Factors". We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. BUSINESS

GENERAL

Answerthink, Inc. is a leading business and technology consulting firm that enables companies to achieve world-class business performance. By leveraging the comprehensive database of The Hackett Group, the world's leading repository of enterprise business process performance metrics and best practice intellectual capital, our business and technology solutions help clients improve performance and maximize returns on technology investments.

The Hackett Group, a strategic advisory firm and an Answerthink company, is a world leader in best practice research, benchmarking, business transformation and working capital management services that empirically define and enable world-class enterprise performance. Only The Hackett Group empirically defines world-class performance in sales, general and administrative (SG&A) and supply chain activities with analysis gained through 3,500 benchmark studies over 14 years at 2,000 of the world's leading companies.

Answerthink's combined capabilities include business advisory programs, benchmarking, business transformation, working capital management, business applications, and business intelligence, with corresponding offshore support.

In this Form 10-K, unless the context otherwise requires, "Answerthink," the "Company," "we," "us," and "our" refer to Answerthink, Inc. and its subsidiaries and predecessors.

INDUSTRY BACKGROUND

The economy showed improved growth in 2005 triggering interest rate increases to mitigate the risk of inflation. Business and technology consultancies in the U.S. had increases in business activity that followed the growth rate of the economy.

We believe organizations are required to continually evaluate how to optimize their performance in order to remain competitive. Their goal is to ensure that the underlying business processes are allowing them to strategically support their operations and achieve their financial targets. To do so, organizations will have to understand and decide how best to organize, enable, source and manage their critical business processes.

We believe companies will continue to place increased emphasis on risk management and tangible return on their business and technology investments. As the economy continues to grow, we believe large enterprises will continue to focus their business consulting and IT spending on strategies and tools that help them generate more value from their business investments in the form of enhanced productivity and efficiency.

We expect companies to look for ways to further leverage their investments in Enterprise Resource Planning (ERP) systems to continue to deliver cost and performance improvements. We also believe that Business Intelligence (BI) systems and business performance management applications will play an increasingly significant role as companies seek to generate more valuable insight and analysis from their operational and financial data. We believe that these systems will produce real-time enterprises, capable of nearly instantaneous views of current performance and more accurate and efficient planning, forecasting and reporting.

OUR APPROACH

Answerthink provides business and technology consulting services designed to enable companies to achieve world-class business performance by combining intellectual capital from The Hackett Group, with its extensive database of business process best practices and performance measurement results, and our proprietary Best Practice Implementation (BPI) approach.

The Hackett Group is a strategic advisory firm that helps executives understand how well they are performing today compared to a peer group and to world-class levels. Hackett enables world-class performance by defining what is possible, providing objective performance comparisons to establish priorities, developing strategic alternatives to address performance improvements, creation of initiative roadmaps, best practice solutions designs and implementation services.

Hackett is differentiated through its use of empirical data, a large repository of proven best practices, implementation tools and global implementation insight that are used to provide advice and solutions.

Hackett provides both continuous and best practice implementation programs. Continuous services are referred to as Advisory Programs, which include: membership-based offerings providing a mix of best practice research, on-demand advisor access, peer learning opportunities and annual events. Best practice implementation offerings include benchmarking, business transformation and total working capital services.

Hackett business advisors have the skills, experience and access to proprietary data sets to advise, develop, design and implement solutions grounded in actual client performance measurement results. Hackett provides deep insight into how top-performing companies operate, and applies those best practices to generate performance gains for clients.

Our BPI approach leverages our inventory of Hackett-Certified™ practices, approaches observed through benchmark and other best practice implementation engagements to correlate with superior performance levels. We use Hackett intellectual capital in the form of best practice process flows and configuration guides to integrate Hackett's empirically proven best practices directly into business processes and workflow and functionality that is enabled by enterprise applications. The pre-populated collection of best practice process flows and technology configuration guides is referred to as the BPI Tool Kit and used throughout the term of a project to ensure that best practices are identified and implemented. This coordinated approach addresses people, process, information access and technology.

Because Answerthink solutions are based on Hackett-Certified™ practices, clients gain significant advantages. They can have confidence that their solutions are based on strategies from the world's leading companies. This clearly defined path to world-class performance delivers enhanced efficiency, improved effectiveness, increased flexibility, optimized return on investment and reduced implementation risk.

The BPI approach often begins with a clear understanding of current performance, which is gained through benchmarking key processes and comparing the results to world-class levels and industry standards captured in the Hackett database. We then help clients prioritize and select the appropriate best practices to implement through a coordinated performance improvement strategy. Without a coordinated strategy that addresses the four key business drivers of people, process, technology and information, we believe companies risk losing a significant portion of business case benefits. We have designed detailed best practice process flows based on Hackett's deep knowledge of world-class business performance which enable clients to streamline and automate key processes, and generate performance improvements quickly and efficiently at both the functional and enterprise level.

Similarly, we integrate Hackett-Certified™ Practices directly into technology solutions. We believe it is imperative that companies simplify and automate processes to meet best practice standards before new technology implementations and upgrades are completed. The automation of inefficient processes only serves to continue to drive up costs, cycle times and error rates. We have completed detailed fit-gap analyses, in most functional areas of major business application packages from Lawson, Oracle, Hyperion, PeopleSoft and SAP to determine their ability to support best practices. Application-specific tools, implementation guides and process flows allow us to optimize the configuration of ERP software, while limiting customization. Best practice implementations establish the foundation for improved performance.

We believe the combination of optimized processes, a best practices-based business application and business intelligence environment allows our clients to achieve and sustain significant business performance improvement.

COMPETITION

The strategic business advisory and technology consulting marketplace continues to be extremely competitive. The marketplace will remain competitive as the economy grows and companies begin to spend more on improving their business models and IT infrastructure. Our competitors include international, national and regional strategic consulting and technology implementation firms, the IT services divisions of application software firms, and business consulting firms providing subscriptions to peer networking and research-based services. Mergers, consolidation and bankruptcies throughout our industry have resulted in higher levels of competition. We believe that the principal competitive factors in the industries in which we compete include: skills and capabilities of people, innovative service and product offerings, perceived ability to add value, reputation and client references, price, scope of services, service delivery approach, technical and industry expertise, quality of services, ability to deliver results on a timely basis, availability of appropriate resources, and global reach and scale.

We believe our competitive position is strong. With Hackett intellectual capital and its direct link to our BPI approach, we believe we can assist clients better than our competitors. Our ability to apply best practices to client operations via proven techniques further strengthens our competitive standing.

Similarly, we believe that Hackett is the definitive source for best practice performance metrics and strategies. Hackett is the only organization that has conducted over 3,500 benchmark studies for over 2,000 clients, generating proprietary data sets spanning performance metrics and correlating best practices. The combination of Hackett data along with deep expertise and know how in evaluating, designing and implementing business transformation strategies for clients deliver a powerful and distinct value proposition for our clients.

Our culture of client collaboration leverages the power of our cross-functional and service line teams to increase revenue and strengthen relationships. We believe that this culture, along with our offering approach, gives us a competitive advantage.

STRATEGY

Moving forward, our focus will be on executing the following strategies:

• ***Continue to position and grow The Hackett Group as an IP-centric strategic advisory organization.*** The Hackett brand is widely recognized for benchmarking metrics and best practices strategies. Our objective is to continue to grow our Advisory Program memberships. We believe that our advisory programs and supporting intellectual capital deliver a distinct value proposition and that our clients will naturally turn to our other service offerings when the need arises. Therefore, as we grow our Advisory Program membership base, we expect the revenue growth for our benchmarking and best practice implementation offerings will grow. Our advisory programs target executives seeking guidance and proven strategies on operational and strategic issues. During 2005, we experienced strong growth in our membership-based advisory programs. We continue to develop advisory programs that offer a source of empirically based insight and on-demand advice for executives tasked with performance improvement in an unpredictable business environment. As advisory sales continue to grow, an increasing number of sales will involve multi-year commitments which will improve the predictability of our results.

• ***Continue to expand our Best Practices Implementation tools.*** BPI incorporates intellectual capital from The Hackett Group into our implementation tools and techniques. For clients, the end results are tangible cost and performance gains and the improved return on investment. Our clients attribute their decision to use us to our Best Practice Implementation (BPI) approach and tools. Our objective is to help clients make smarter business process and software configuration decisions as a result of our Best Practice Implementation methods and knowledge. The launch of version two of our BPI tools resulted in an expanded best practice repository along with key revisions in business process areas that have been impacted by emerging information technologies. We expect this version of our tools and methods to further differentiate our ability to serve our clients.

• ***Create incremental revenue and intellectual capital channels through strategic relationships that help us leverage and expand our Hackett intellectual capital base as well as grow our revenues.*** Our strategic relationships with Accenture and Lawson Software represent examples of this strategy at work. We continue to believe that there are other organizations that can help us grow revenues and our intellectual capital consistent with our strategy.

• ***Seek out strategic acquisitions.*** We will continue to pursue strategic acquisitions that strengthen our ability to compete and expand our intellectual property. We believe that our unique Hackett access and our BPI approach coupled with our strong balance sheet and infrastructure can be utilized to support a larger organization. Acquisitions must be accretive or have strong growth prospects, but most importantly, have strong synergy with our best practice intellectual capital focus. For example, our acquisition of REL Consultancy expands our knowledge and capabilities into working capital management and expanded our client base and exposure to additional markets abroad.

• ***Expand and leverage our dual shore capabilities.*** Developing an offshore resource capability to support all of our offerings has been a key strategy for our organization. Our facility in Hyderabad, India allows us to increase operational efficiencies while maintaining 24/5 operations. With this improved infrastructure in place, we are expecting our headcount and utilization of India resources to further expand in 2006.

OUR OFFERINGS

We offer a comprehensive range of services, including advisory programs, benchmarking, business transformation, working capital, business applications and business intelligence implementation. With strategic and functional knowledge in finance, human resources, information technology, procurement, supply chain management, corporate services, customer service and sales and marketing, our expertise extends across the enterprise. We have completed successful engagements in a variety of industries, including automotive, consumer goods, financial services, technology, life sciences, manufacturing, media and entertainment, retail, telecommunications, transportation and utilities.

The Hackett Group

- **Advisory Programs**

On-demand access to world-class performance metrics, peer-learning opportunities and best practice advice. The scope of Hackett's advisory programs is defined by business function (Executive Advisory) and by end-to-end process coverage (Process Advisory). Our advisory programs include a mix of the following deliverables:

Advisor Inquiry: Hackett's inquiry services is used by clients for quick access to fact-based advice on proven approaches and methods to increase the efficiency and effectiveness of selling, general and administrative activities.

Best Practice Research: Empirically based research and insight derived from over 3,500 individual Hackett benchmark studies. Our research provides detailed insights into the most significant, proven approaches in use at world-class organizations that yield superior business results.

Peer Interaction: Regular member-led webcasts, annual Best Practices Conference, annual Member Forums, membership surveys and client-submitted content provide ongoing peer learning and networking opportunities.

Hackett Knowledge Center: Online, searchable repository of Best Practices, Quick Wins, Conference Presentations and associated research available to Advisory Program Members and their support teams.

- **Benchmarking Services**

Since Hackett's inception in 1991, The Hackett Group has measured and evaluated the efficiency and effectiveness of enterprise functions at over 2,000 global organizations. This includes 96 percent of the Dow Jones Industrials, 77 percent of the Fortune 100, and 92 percent of the Dow Jones Global Titans Index. Ongoing studies are conducted in a wide range of areas, including SG&A, finance, human resources, information technology, procurement, and shared service centers. Hackett has identified nearly 1,300 best practices for approximately 100 processes in these key functional areas. Hackett uses proprietary performance measurement tools and data collection processes that enables companies to complete the performance measurement cycle and identify and quantify improvement opportunities in as little as four weeks. Benchmarks are used by our clients to objectively establish priorities, generate organizational consensus, align compensation to establish performance goals and develop the required business case for investment.

- **Business Transformation**

Our Business Transformation programs help clients develop a coordinated strategy for achieving performance improvements across the enterprise. Our experienced teams use Hackett performance measurement data to link performance gains to industry best practices. Our strategic capabilities include operational planning, process and organization design, change management and the effective application of technology. We combine best practices knowledge with business expertise and broad technology capabilities, which we believe enables our programs to optimize return on client investments in people, processes, technology and information.

- **Total Working Capital**

Through the acquisition of REL Consultancy Group, a global leader in generating cash improvement from working capital, we offer Hackett-REL Total Working Capital services which are designed to help companies improve cash flow from operations through improved working capital management, reduced costs and increased service quality.

Answerthink Best Practices Solutions

- **Business Applications**

Our Business Applications professionals help clients choose and deploy the software applications that best meet their needs and objectives. Our expertise is focused on the following application providers: Lawson, Oracle, PeopleSoft, SAP, and several leading time and attendance providers. The group offers comprehensive services from planning, architecture, and vendor evaluation and selection through implementation, customization, testing and integration. Comprehensive fit-gap analyses of all major packages against Hackett Best Practices are utilized by our Business Applications teams. BPI tools and templates help integrate best practices into business applications. The group also offers post-implementation support, change management, system documentation and end-user training, all of which are designed to enhance return on investment. We also provide offshore application development and support services. These services include post-implementation support for select business application platforms. Our Business Applications group also includes a division responsible for the sale and maintenance support of the SAP suite of enterprise resource planning applications.

- **Business Intelligence**

Based on our extensive best practices knowledge, our Business Intelligence group designs, develops and implements solutions for more effective enterprise performance management (EPM) and business intelligence (BI). Our BI experts know how to apply and implement custom or packaged analytical applications such as Hyperion and Cognos to increase process transparency, exception management, and create continuous improvement environments. Similarly, our BI services are designed to increase visibility into current performance, improve access to key financial and operational data, and enhance strategic decision making. The group offers strategy and management services, including operational diagnostics and planning and enterprise architecture.

CLIENTS

We focus on long-term client relationships with Global 2000 firms and other sophisticated strategic buyers of business and IT consulting services. During 2005, our ten most significant clients accounted for approximately 30% of revenues. No clients generated more than 10% of total revenues. We believe that we have achieved a high level of satisfaction across our client base. The responses to the surveys we send to clients continue to be extremely positive. During 2005, we received surveys from a significant number of our engagements with an average score of 4.5 on a 5.0 scale. The direct feedback and suggestions we receive on surveys are used to continuously improve our delivery execution, sales processes, methodologies and training.

BUSINESS DEVELOPMENT AND MARKETING AND MARKET SEGMENTATION

Our extensive client base and relationships with Global 2000 firms remain our most significant sources of new business. Our revenue generation strategy is formulated to ensure we are addressing multiple facets of business development. The categories below define our business development resources and market segmentation. Our primary goal in 2006 is to continue to increase awareness of our brand that we have created around Hackett and BPI. Our Hackett and BPI message will remain the central focus of our marketing and communications programs this year as we drive both an understanding of and demand for this approach. Similarly, we have aligned our sales force so it can market working capital and business transformation services along with our benchmarking and advisory programs. In 2006, the compensation programs reflect an emphasis on advisory programs while rewarding the linkage between sales of benchmarking, business transformation and working capital services provided by The Hackett Group and best practices solutions provided by our Business Applications and Business Intelligence groups.

BUSINESS DEVELOPMENT RESOURCES

Although virtually all of our advisors and consultants have the ability to and are expected to contribute to new revenue opportunities, our primary internal business development resources are comprised of the following:

- The Leadership Team
- The Sales Organization
- Business Development Associates
- The Delivery Organization

The Leadership Team is comprised of our senior leaders who have a combination of executive, functional, practice and anchor account responsibilities. In addition to their management responsibilities, this group of associates is responsible for growing business by fostering executive level relationships within accounts and leveraging their existing contacts in the marketplace.

The Sales Organization is comprised of associates who are 100% dedicated to generating sales. They are deployed geographically in key markets and are primarily focused on developing new relationships and who are aligned to our core practice areas within their target accounts. They also handle geographic-related opportunities as they arise.

Business Development Associates are comprised of trained groups of telemarketing specialists who are conversant with their respective solution areas. Lead generation is coordinated with our marketing and sales groups to ensure that our inbound and outbound efforts are synchronized with targeted marketing and sales programs.

The Delivery Organization is comprised of our billable associates who work at client locations. We encourage associates to pursue additional business development opportunities through their normal course of delivering existing projects and help us expand our business within existing accounts.

In addition to our business development team, we have a corporate marketing and communications organization responsible for overseeing our marketing programs, public relations and employee communications activities.

We have segmented our market focus into the following categories:

- Target Accounts
- Geographic Focus Accounts
- Strategic Alliance Accounts

Target Accounts are comprised of prospects and clients who are geographically situated where a sales representative resides. Criteria for inclusion as a target account includes the size of the company, industry affiliation, propensity to buy external consulting services and contacts within the account. The sales representative is primarily responsible for identifying business opportunities in the account, acting as the single point of coordination for the client, and performing the general duties of account manager.

Geographic Focus Accounts are accounts within a specified geographic location that are contained on the target account list. These accounts can include large prospects, dormant clients, existing medium-sized clients and mid-tier market accounts. This account set is handled primarily on an opportunistic basis, except for active clients where delivery teams are focused on driving additional revenue.

Strategic Alliance Accounts are accounts that allow us to partner with organizations with greater scale or different skill sets or with software developers so that all parties can jointly market their products and services to prospective clients. An example of this type of alliance is the agreement with Accenture that was signed in late 2003. This agreement gives Accenture the exclusive right to collaborate with us in offering its clients our best practice benchmarking programs and best practices solutions in designated functional areas, including finance, accounting, performance management, business intelligence and procurement. Under the agreement, we have the ability to expand into additional enterprise functional areas and geographic locations. The agreement gives us access to Accenture's global client base and sales distribution channel. By working with more clients, The Hackett Group is able to broaden the base of critical metrics and best practices, thereby creating even richer benchmark data to help companies achieve world-class performance. Our alliance allows us to staff a portion of the consulting positions for each engagement that is jointly closed with Accenture. We continue to seek alliances that broaden our distribution channel.

MANAGEMENT SYSTEMS

Our management control systems are comprised of various accounting, billing, financial reporting, human resources, marketing and resource allocations systems, many of which are integrated with our knowledge management system, Mind~Share. We believe that Mind~Share significantly enhances our ability to serve our clients efficiently by allowing our knowledge base to be shared by all associates worldwide on a real-time basis. Our well-developed, flexible, scalable infrastructure has allowed us to quickly integrate the new employees and systems of businesses we have acquired.

HUMAN RESOURCES

We believe that our culture fosters intellectual rigor and creativity, collaboration and innovation. We believe in building relationships with both our associates and clients. We believe the best solutions come from teams of diverse individuals addressing problems collectively and from multiple dimensions, including the business, technological and human dimensions. We believe that the most effective working environment is one where everyone is encouraged to contribute and is rewarded for that contribution.

Our core values are the strongest expression of our working style. They are what we stand for. These core values are:

- Continuous development of our associates, our unique content business model and knowledge base
- Diversity of backgrounds, skills and experiences
- Knowledge capture, contribution and utilization
- Collaboration with one another, with our partners and with our clients

Our human resources staff includes dedicated resources to recruit consultants with both business and technology expertise. Our recruiting team drives our hiring process by focusing on the highest demand solution areas of our business to ensure an adequate pipeline of resources. Our human resources staff also includes seasoned professionals that support our practices by, among other things, administering our benefit programs and facilitating the hiring process. We also have an employee referral program, which rewards existing employees who source new hires.

The benefits package that we provide includes comprehensive health and welfare insurance, work/life balance programs and a 401(k) program including a company match for associates below the level of senior director. Our associates are paid competitive salaries and incentive pay. Incentive pay for delivery resources is based on an individual's contribution to the projects on which he or she is staffed. Incentive pay for sales associates is based on achievement of sales quotas. Incentive pay for practice leaders and senior practice members is based upon practice margin, sales contributions, client management and practice management. Incentive pay for management is based on company or division performance depending on the level of management.

As of December 30, 2005, we had approximately 800 associates, approximately 80% of whom were billable professionals. None of our associates are subject to collective bargaining arrangements. We have entered into nondisclosure and non-solicitation agreements with virtually all of our personnel. We also engage consultants as independent contractors from time to time.

COMMUNITY INVOLVEMENT

One important way we put our values into action is through our commitment to the communities where we work. The mission of our Community Council, which operates in each of the cities where we have offices, is to strive to leave the markets, communities and clients we serve better than we found them. We do it by building a strong sense of community, collaboration and personal interaction among all of our associates, through both volunteer and service programs and social gatherings. Our associates are actively involved in many valuable and high-impact community programs, including United Way, Ronald McDonald House, Big Brothers & Sisters, Race for the Cure, Make-A-Wish Foundation, Habitat for Humanity, the National Adoption Center, the National Heart Association and the March of Dimes.

AVAILABLE INFORMATION

We make our public filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all exhibits and amendments to these reports, available free of charge at our web site http://www.answerthink.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Any material that we file with the Securities and Exchange Commission may be read and copied at the Securities and Exchange Commission's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or at www.sec.gov. Information on the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330.

Also available on our web site, free of charge, are copies of our Code of Conduct and Ethics, and the charter for our audit committee of our Board of Directors. We intend to disclose any amendment to, or waiver from, a provision of our Code of Conduct and Ethics on our web site within five business days following the date of the amendment or waiver.

ITEM 1A. RISK FACTORS

The following important factors, among others, could cause actual results to differ materially from those contained in forward-looking statements made in this Annual Report on Form 10-K or printed elsewhere by management from time to time.

Our quarterly operating results may vary.

Our financial results may fluctuate from quarter to quarter. In future quarters, our operating results may not meet public market analysts' and investors' expectations. If that happens, the price of our common stock may fall. Many factors can cause these fluctuations, including:

- the number, size, timing and scope of client engagements;
- customer concentration;
- long and unpredictable sales cycles;
- contract terms of client engagements;
- degrees of completion of client engagements;
- client engagement delays or cancellations;
- competition for and utilization of employees;
- how well we estimate the resources and effort we need to complete client engagements;
- the integration of acquired businesses;
- pricing changes in the industry;
- economic conditions specific to business and information technology consulting; and
- general economic conditions

A high percentage of our operating expenses, particularly personnel and rent, are fixed in advance of any particular quarter. As a result, if we experience unanticipated changes in client engagements or in employee utilization rates, we could experience large variations in quarterly operating results and losses in any particular quarter. Due to these factors, we believe you should not compare our quarter-to-quarter operating results to predict future performance.

If we are unable to maintain our reputation and expand our name recognition, we may have difficulty attracting new business and retaining current clients and employees.

We believe that establishing and maintaining a good reputation and name recognition are critical for attracting and retaining clients and employees in our industry. We also believe that the importance of reputation and name recognition is increasing and will continue to increase due to the number of providers of business consulting and IT services. If our reputation is damaged or if potential clients are not familiar with us or with the solutions we provide, we may be unable to attract new, or retain existing, clients and employees. Promotion and enhancement of our name will depend largely on our success in continuing to provide effective solutions. If clients do not perceive our solutions to be effective or of high quality, our brand name and reputation will suffer. In addition, if solutions we provide have defects, critical business functions of our clients may fail, and we could suffer adverse publicity as well as economic liability.

We depend heavily on a limited number of clients.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of clients for which we perform large projects. In 2005, our ten largest clients accounted for approximately 30% of our revenues in the aggregate. In addition, revenues from a large client may constitute a significant portion of our total revenues in a particular quarter. Our customer contracts generally can be cancelled for convenience by the customer upon 30 days' notice. The loss of any principal client for any reason, including as a result of the acquisition of that client by another entity, our failure to meet that client's expectations, the client's decision to reduce spending on technology-related projects, or failure to collect amounts owed to us from our client could have a material adverse effect on our business, financial condition and results of operations.

We have risks associated with potential acquisitions or investments.

Since we were founded, we have significantly expanded through acquisitions. In the future, we plan to pursue additional acquisitions as opportunities arise. We may not be able to integrate successfully businesses which we may 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. Also, acquisitions may involve a number of risks, including:

- diversion of management's attention;
- failure to retain key personnel;
- failure to retain existing clients;
- unanticipated events or circumstances;
- unknown claims or liabilities;
- amortization of certain acquired intangible assets; and
- operating in new or unfamiliar geographies

Client dissatisfaction or performance problems at a single acquired firm could have a material adverse impact on our reputation as a whole. Further, we cannot assure you that our recent or future acquired businesses will generate anticipated revenues or earnings.

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

Integrating businesses we have recently 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 revenues to justify our investment. If we encounter unexpected problems at one of the acquired businesses as we try to integrate it 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.

Our markets are highly competitive.

We may not be able to compete effectively with current or future competitors. The business consulting and IT services market is highly competitive. We expect competition to further intensify as these markets continue to evolve. Some of our competitors have longer operating histories, larger client bases, longer relationships with their clients, greater brand or name recognition and significantly greater financial, technical and marketing resources than we do. As a result, our competitors may be in a stronger position to respond more quickly to new or emerging technologies and changes in client requirements and to devote greater resources than we can to the development, promotion and sale of their services. Competitors could lower their prices, potentially forcing us to lower our prices and suffer reduced operating margins. We face competition from international accounting firms; international, national and regional strategic consulting and systems implementation firms; and the IT services divisions of application software firms.

In addition, there are relatively low barriers to entry into the business consulting and IT services market. We do not own any patented technology that would stop competitors from entering this market and providing services similar to ours. As a result, the emergence of new competitors may pose a threat to our business. Existing or future competitors may develop and offer services that are superior to, or have greater market acceptance, than ours, which could significantly decrease our revenues and the value of your investment.

We may not be able to hire, train, motivate, retain and manage professional staff.

To succeed, we must hire, train, motivate, retain and manage highly skilled employees. Competition for skilled employees who can perform the services we offer is intense. We might not be able to hire enough of them or to train, motivate, retain and manage the employees we hire. This could hinder our ability to complete existing client engagements and bid for new client engagements. Hiring, training, motivating, retaining and managing employees with the skills we need is time consuming and expensive.

We could lose money on our contracts.

As part of our strategy, we enter into capped or fixed-price contracts, in addition to contracts based on payment for time and materials. 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. We maintain an office of risk management that evaluates and attempts to mitigate delivery risk associated with complex projects. In connection with their review, the office of risk management analyzes the critical estimates associated with these projects. If we fail to make these estimates accurately, we could be forced to devote additional resources to these engagements for which we will not receive additional compensation. 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. In the past, we have, on occasion, engaged in negotiations with clients regarding changes to the cost, scope or duration of specific engagements. To the extent we do not sufficiently communicate to our clients, or our clients fail to adequately appreciate, the nature and extent of any of these types of changes to an engagement, our reputation may be harmed and we may suffer losses on an engagement.

Lack of detailed written contracts could impair our ability to recognize revenue for services performed, collect fees, protect our intellectual property and protect ourselves from liability to others.

We try to protect ourselves by entering into detailed written contracts with our clients covering the terms and contingencies of the client engagement. In some cases, however, consistent with what we believe to be industry practice, work is performed for clients on the basis of a limited statement of work or verbal agreements before a detailed written contract can be finalized. To the extent that we fail to have detailed written contracts in place, our ability to collect fees, protect our intellectual property and protect ourselves from liability to others may be impaired.

Our corporate governance provisions may deter a financially attractive takeover attempt.

Provisions of our charter and by-laws may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable, including transactions in which stockholders would receive a premium for their shares. These provisions include the following:

- stockholders must comply with advance notice requirements before raising a matter at a meeting of stockholders or nominating a director for election;
- our board of directors is staggered into three classes and the members may be removed only for cause upon the affirmative vote of holders of at least two-thirds of the shares entitled to vote;
- we would not be required to hold a special meeting to consider a takeover proposal unless holders of more than a majority of the shares entitled to vote on the matter were to submit a written demand or demands for us to do so; and
- our board of directors may, without obtaining stockholder approval, classify and issue up to 1,250,000 shares of preferred stock with powers, preferences, designations and rights that may make it more difficult for a third party to acquire us.

In addition, our board of directors has adopted a shareholder rights plan. Subject to certain exceptions, in the event that a person or group in the future becomes the beneficial owner of 15% or more of our common stock or commences, or publicly announces an intention to commence, a tender or exchange offer which would result in its ownership of 15% or more of our outstanding common stock (or in the case of Liberty Wanger Asset Management, L.P. (now known as Columbia Wanger Asset Management, L.P.) and its affiliates, 20%) then the rights issued to our shareholders in connection with this plan will allow our shareholders to purchase shares of our common stock at 50% of its then current market value. In addition, if we are acquired in a merger, or 50% or more of our assets are sold in one or more related transactions, our shareholders would have the right to purchase the common stock of the acquiring company at half the then current market price of such common stock.

We may lose large clients or not be able to secure targeted follow-on work or client retention rates.

Our client engagements are generally short-term arrangements, and most clients can reduce or cancel their contracts for our services with 30 days notice and without penalty. As a result, if we lose a major client or large client engagement, our revenues will be adversely affected. We perform varying amounts of work for specific clients from year to year. A major client in one year may not use our services in another year. In addition, we may derive revenue from a major client that constitutes a large portion of total revenue for particular quarters. If we lose any major clients or any of our clients cancel programs or significantly reduce the scope of a large client engagement, our business, financial condition and results of operations could be materially and adversely affected. Also, if we fail to collect a large account receivable, we could be subjected to significant financial exposure. Consequently, you should not predict or anticipate our future revenue based upon the number of clients we currently have or the number and size of our existing client engagements.

We also derive an increasing portion of our revenues from annual memberships for our business advisory programs. Our growth prospects therefore depend on our ability to achieve and sustain high retention rates on programs and to successfully launch new programs. Failure to achieve high renewal rate levels or to successfully launch new programs and services could have a material adverse effect on our operating results.

If we are unable to protect our intellectual property rights or infringe on the intellectual property rights of third parties, our business may be harmed.

We rely upon a combination of nondisclosure and other contractual arrangements and trade secret, copyright and trademark laws to protect our proprietary rights and the proprietary rights of third parties from whom we license intellectual property. Although we enter into confidentiality agreements with our employees and limit distribution of proprietary information, there can be no assurance that the steps we have taken in this regard will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights.

Although we believe that our services do not infringe on the intellectual property rights of others and that we have all rights necessary to utilize the intellectual property employed in our business, we are subject to the risk of claims alleging infringement of third-party intellectual property rights. Any claims could require us to spend significant sums in litigation, pay damages, develop non-infringing intellectual property or acquire licenses to the intellectual property that is the subject of asserted infringement.

The market price of our common stock may fluctuate widely.

The market price of our common stock could fluctuate substantially due to:

- future announcements concerning us or our competitors;
- quarterly fluctuations in operating results;
- announcements of acquisitions or technological innovations; or
- changes in earnings estimates or recommendations by analysts

In addition, the stock prices of many technology companies fluctuate widely for reasons which may be unrelated to operating results. Fluctuations in our common stock's market price may impact our ability to finance our operations and retain personnel.

Our initiatives that leverage The Hackett Group's best practices knowledge may not be successful.

Enhancements to The Hackett Group's advisory product offerings introduced in 2005 which include business transformation programs represent a departure from its traditional benchmarking offerings. We may not be able to adequately support these new offerings. Clients or prospects may view The Hackett Group as a new and unproven entrant into this space. As such, clients and client prospects may choose to purchase these types of products and services from companies with a longer track record of providing these types of offerings.

Our Joint Marketing and Alliance Agreement with Accenture has expired.

Our Joint Marketing and Alliance Agreement with Accenture expired on October 7, 2005. We are working with Accenture in efforts to extend and expand the terms of the relationship. We also continue to jointly pursue opportunities and work on engagements that were won prior and subsequent to the expiration of the Agreement. However, while we continue to pursue opportunities with Accenture, there is no contractual agreement in place at this time that governs the relationship, including how positions are allocated on engagements won as a result of a joint pursuit.

We earn revenues, incur costs and maintain cash balances in multiple currencies, and currency fluctuations could adversely affect our financial results.

We have increasing international operations, which earn revenues and incur costs in various foreign currencies, primarily the British pound and the euro. Doing business in these foreign currencies exposes us to foreign currency risks in numerous areas, including revenues, purchases, payroll and investments. Certain foreign currency exposures are naturally offset within an international business unit, because revenues and costs are denominated in the same foreign currency, and certain cash balances are held in U.S. dollar denominated accounts. However, due to the increasing size and importance of our international operations, fluctuations in foreign currency exchange rates could materially impact our results. Currently, we do not hold any derivative contracts that hedge our foreign currency risk, but we may adopt such strategies in the future.

Our cash position includes amounts denominated in foreign currencies. We manage our worldwide cash requirements considering available funds from our subsidiaries and the cost effectiveness with which these funds can be accessed. The repatriation of cash balances from certain of our subsidiaries outside the United States could have adverse tax consequences and be limited by foreign currency exchange controls. However, those balances are generally available without legal restrictions to fund ordinary business operations. We have transferred, and will continue to transfer, cash from those subsidiaries to the parent company, and to other international subsidiaries, when it is cost effective to do so. However, any fluctuations in foreign currency exchange rates could materially impact the availability and size of these funds for repatriation or transfer.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our principal executive offices currently are located at 1001 Brickell Bay Drive, Suite 3000, Miami, Florida 33131. The lease on these premises covers 10,780 square feet and expires June 30, 2010. We also have offices in Atlanta, Frankfurt, London, New York, Paris, Philadelphia and Hyderabad, India. As of December 30, 2005 we had operating leases that extended through July 2011. We believe that we will be able to obtain suitable new or replacement space as needed. We own no real estate and do not intend to invest in real estate or real estate-related assets.

ITEM 3. LEGAL PROCEEDINGS

We are involved in legal proceedings, claims, and litigation arising in the ordinary course of business not specifically discussed herein. In the opinion of management, the final disposition of such matters will not have a material adverse effect on our financial position, cash flows or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2005.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock has been traded on the Nasdaq National Market since our initial public offering on May 28, 1998 under the Nasdaq symbol "ANSR". The following table sets forth for the fiscal periods indicated the high and low sales prices of the common stock, as reported on the Nasdaq National Market.

	High	Low
2005		
Fourth Quarter	$4.72	$3.49
Third Quarter	$4.62	$3.56
Second Quarter	$4.20	$3.10
First Quarter	$5.00	$3.70
2004		
Fourth Quarter	$5.49	$3.51
Third Quarter	$6.35	$3.87
Second Quarter	$8.45	$4.22
First Quarter	$8.19	$5.50

The closing sale price for the common stock on March 3, 2006 was $6.01.

As of March 3, 2006, there were approximately 300 holders of record of our common stock and 45,217,826 shares of common stock outstanding.

Company Dividend Policy

We do not expect to pay any cash dividends on our common stock in the foreseeable future. Our present policy is to retain earnings, if any, for use in the operation of our business.

Purchases of Equity Securities

We have an ongoing authorization, as amended, from the Board of Directors to repurchase shares of our common stock in the open market or in negotiated transactions. The authorization is for up to $30 million, of which approximately $7.9 million is currently still available. All repurchases are made in the open market, subject to market conditions and trading restrictions. There is no expiration date on the current authorization and no determination was made by the Company to suspend or cancel purchases under the program. We did not make any repurchases of our common stock during the three months ended December 30, 2005.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data sets forth selected financial information for Answerthink as of and for each of the years in the five-year period ended December 30, 2005, and has been derived from our audited financial statements. The selected consolidated financial data should be read together with our consolidated financial statements and related notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended									
		December 30, 2005		December 31, 2004		January 2, 2004		January 3, 2003		December 28, 2001
	(in thousands, except per share data)									
Consolidated Statement of Operations Data:										
Revenues:										
Revenues before reimbursements	$	146,693	$	129,339	$	117,945	$	156,357	$	220,966
Reimbursements		16,625		14,208		14,442		20,490		29,377
Total revenues		163,318		143,547		132,387		176,847		250,343
Costs and expenses:										
Project personnel and expenses:										
Project personnel and expenses before reimbursable expenses		83,380		76,626		73,551		104,981		136,758
Reimbursable expenses		16,625		14,208		14,442		20,490		29,377
Total project personnel and expenses		100,005		90,834		87,993		125,471		166,135
Selling, general and administrative expenses		59,844		49,960		44,697		53,416		78,027
Impairment of goodwill		—		—		—		20,000		—
Restructuring costs		2,923		3,749		4,875		10,886		5,619
Total costs and operating expenses		162,772		144,543		137,565		209,773		249,781
Income (loss) from operations		546		(996)		(5,178)		(32,926)		562
Other income (expense):										
Interest income (expense), net		1,089		802		706		570		843
Income (loss) before income taxes, income (loss) from discontinued operations and cumulative effect of change in accounting principle		1,635		(194)		(4,472)		(32,356)		1,405
Income taxes		(6)		324		350		(3,508)		1,807
Income (loss) from continuing operations		1,641		(518)		(4,822)		(28,848)		(402)
Income (loss) from discontinued operations, net of income taxes		—		370		—		(8,911)		(8,117)
Income (loss) before cumulative effect of change in accounting principle		1,641		(148)		(4,822)		(37,759)		(8,519)
Cumulative effect of change in accounting principle		—		—		—		(31,200)		—
Net income (loss)	$	1,641	$	(148)	$	(4,822)	$	(68,959)	$	(8,519)
Basic net income (loss) per common share:										
Income (loss) from continuing operations	$	0.04	$	(0.01)	$	(0.11)	$	(0.62)	$	(0.01)
Income (loss) from discontinued operations, net of income taxes	$	—	$	0.01	$	—	$	(0.19)	$	(0.18)
Cumulative effect of change in accounting principle	$	—	$	—	$	—	$	(0.68)	$	—
Net income (loss) per common share	$	0.04	$	(0.00)	$	(0.11)	$	(1.49)	$	(0.19)
Weighted average common shares outstanding		43,575		44,188		45,140		46,348		43,999
Diluted net income (loss) per common share:										
Income (loss) from continuing operations	$	0.04	$	(0.01)	$	(0.11)	$	(0.62)	$	(0.01)
Income (loss) from discontinued operations, net of income taxes	$	—	$	0.01	$	—	$	(0.19)	$	(0.18)
Cumulative effect of change in accounting principle	$	—	$	—	$	—	$	(0.68)	$	—
Net income (loss) per common share	$	0.04	$	(0.00)	$	(0.11)	$	(1.49)	$	(0.19)
Weighted average common shares and common share equivalents		45,302		44,188		45,140		46,348		43,999

	December 30, 2005	December 31, 2004	January 2, 2004	January 3, 2003	December 28, 2001
			(in thousands)		
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 18,103	$ 38,890	$ 54,441	$ 35,369	$ 35,679
Restricted cash	$ 4,257	$ 3,000	$ 3,000	$ 2,909	$ —
Marketable investments	$ 9,902	$ 9,902	$ 10,000	$ 28,050	$ 24,209
Working capital	$ 29,136	$ 49,860	$ 58,826	$ 72,851	$ 81,313
Total assets	$ 151,881	$ 128,733	$ 135,223	$ 145,361	$ 211,919
Shareholders' equity	$ 100,882	$ 99,854	$ 105,235	$ 113,047	$ 177,701

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

Overview

Answerthink, Inc. is a leading business and technology consulting firm that enables companies to achieve world-class business performance. By leveraging the comprehensive database of The Hackett Group, the world's leading repository of enterprise business process performance metrics and best practice intellectual capital, our business and technology solutions help clients improve performance and maximize returns on technology investments.

The Hackett Group, a strategic advisory firm and an Answerthink company, is a world leader in best practice research, benchmarking, business transformation and working capital management services that empirically define and enable world-class enterprise performance. Only The Hackett Group empirically defines world-class performance in sales, general and administrative (SG&A) and supply chain activities with analysis gained through 3,500 benchmark studies over 14 years at 2,000 of the world's leading companies.

Answerthink's combined capabilities include business advisory programs, benchmarking, business transformation, working capital management, business applications, and business intelligence, with corresponding offshore support. Answerthink was formed on April 23, 1997.

Critical Accounting Policies

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial position in conformity with generally accepted accounting principles. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe the following discussion addresses our most critical accounting policies. These policies require management to exercise judgments that are often difficult, subjective and complex due to the necessity of estimating the effect of matters that are inherently uncertain.

Revenue Recognition

Our revenues are principally derived from fees for services generated on a project-by-project basis. Revenues for services rendered are recognized on a time and materials basis or on a fixed-fee or capped-fee basis. Revenues for time and materials contracts are recognized based on the number of hours worked by our consultants at an agreed upon rate per hour and are recognized in the period in which services are performed. Revenues related to fixed-fee or capped-fee contracts are recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours. 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 dollar amount used in this calculation excludes the amount the client pays us for reimbursable expenses. There are situations where the number of hours to complete projects may exceed our original estimate. These increases can be as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. On an on-going basis, our project delivery, office of risk management and finance personnel review hours incurred and estimated total labor hours to complete projects and any revisions in these estimates are reflected in the period in which they become known.

Unbilled revenues represent revenues for services performed that have not been invoiced. If we do not accurately estimate the scope of the work to be performed, or we do not manage our projects properly within the planned periods of time or we do not meet our clients' expectations under the contracts, then future consulting margins may be negatively affected or losses on existing contracts may need to be recognized. Any such resulting reductions in margins or contract losses could be material to our results of operations. Revenues before reimbursements exclude reimbursable expenses charged to clients. Reimbursements, which include travel and out-of-pocket expenses, are included in revenues, and an equivalent amount of reimbursable expenses is included in project personnel and expenses.

The agreements entered into in connection with a project, whether time and materials based or fixed-fee or capped-fee based, 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 our 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 our 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.

Accounts Receivable and Allowances for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from our clients not making required payments. Periodically, we review accounts receivable to assess our estimates of collectibility. Management critically reviews accounts receivable and analyzes historical bad debts, past-due accounts, client credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of our clients were to deteriorate, resulting in their inability to make payments, additional allowances may be required.

Goodwill and Long-Lived Identifiable Assets

We assess goodwill and long-lived identifiable assets for impairment when events or circumstances indicate that the carrying value may not be recoverable, or, at a minimum, on an annual basis. We have made determinations as to what our reporting units are and what amounts of goodwill and intangible assets should be allocated to those reporting units.

In assessing the recoverability of long-lived identifiable assets and goodwill, we must make assumptions regarding estimated future cash flows, discount rates and other factors to determine if impairment tests are met. These estimates contain management's best estimates, using appropriate and customary assumptions and projections at the time. If these estimates or their related assumptions change in the future, we may be required to record additional impairment charges.

Restructuring Reserves

Restructuring reserves reflect judgments and estimates of our ultimate costs of severance, closure and consolidation of facilities and settlement of contractual obligations under our operating leases, including sublease rental rates, absorption period to sublease space and other related costs. We reassess the reserve requirements to complete each individual plan under our restructuring programs at the end of each reporting period. If these estimates change in the future or actual results are different than our estimates, we may be required to record additional charges in the future.

Income Taxes

We record income taxes using the liability method. Under this method, we record deferred taxes based on temporary taxable and deductible differences between the tax bases of our assets and liabilities and our financial reporting bases. The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Contingent Liabilities

We have certain contingent liabilities that arise in the ordinary course of our business activities. We accrue contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. Reserves for contingent liabilities are reflected in our consolidated financial statements based on management's assessment, along with legal counsel, of the expected outcome of the contingencies. If the final outcome of our contingencies differs adversely from that currently expected, it would result in a charge to earnings when determined.

The foregoing list is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the United States, with no need for us to judge the application. There are also areas in which our judgment in selecting any available alternative would not produce a materially different result. Please see our consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K, which contain accounting policies and other disclosures required by accounting principles generally accepted in the United States.

Results of Operations

Our fiscal year generally consists of a 52-week period and periodically consists of a 53-week period because the fiscal year ends on the Friday closest to December 31. Fiscal years 2005, 2004 and 2003 ended on December 30, 2005, December 31, 2004 and January 2, 2004, respectively. References to a year included in this section refer to a fiscal year rather than a calendar year.

The following table sets forth, for the periods indicated, our results of operations and the percentage relationship to total revenues of such results:

	Year Ended					
	December 30, 2005		December 31, 2004		January 2, 2004	
	(in thousands, except percentage data)					
Revenues:						
Revenues before reimbursements	$ 146,693	89.8%	$ 129,339	90.1%	117,945	89.1%
Reimbursements	16,625	10.2%	14,208	9.9%	14,442	10.9%
Total revenues	163,318	100.0%	143,547	100.0%	132,387	100.0%
Costs and expenses:						
Project personnel and expenses:						
Project personnel and expenses before reimbursable expenses	83,380	51.0%	76,626	53.4%	73,551	55.6%
Reimbursable expenses	16,625	10.2%	14,208	9.9%	14,442	10.9%
Total project personnel and expenses	100,005	61.2%	90,834	63.3%	87,993	66.5%
Selling, general and administrative expenses	59,844	36.7%	49,960	34.8%	44,697	33.7%
Restructuring costs	2,923	1.8%	3,749	2.6%	4,875	3.7%
Total costs and operating expenses	162,772	99.7%	144,543	100.7%	137,565	103.9%
Income (loss) from operations	546	0.3%	(996)	(0.7%)	(5,178)	(3.9%)
Other income (expense):						
Interest income (expense), net	1,089	0.7%	802	0.6%	706	0.5%
Income (loss) before income taxes and income from discontinued operations	1,635	1.0%	(194)	(0.1%)	(4,472)	(3.4%)
Income taxes	(6)	0.0%	324	0.3%	350	0.2%
Income (loss) from continuing operations	1,641	1.0%	(518)	(0.4%)	(4,822)	(3.6%)
Income from discontinued operations, net of income taxes	—	—	370	0.3%	—	—
Net income (loss)	$ 1,641	1.0%	$ (148)	(0.1%)	$ (4,822)	(3.6%)

Comparison of 2005 to 2004

Overview. We reported net income of $1.6 million in 2005 compared to a net loss of $148 thousand in 2004. Our $1.6 million of net income during 2005 included restructuring costs of $2.9 million and non-cash stock compensation expense of $3.4 million. Non-cash compensation expense of approximately $800 thousand and $2.6 million is included in project personnel and expenses before reimbursable expenses and selling, general and administrative expenses, respectively, in our consolidated statement of operations. Our $148 thousand net loss during 2004 included restructuring costs of $3.7 million and non-cash stock compensation expense of $2.3 million. Non-cash compensation expense of approximately $800 thousand and $1.5 million is included in project personnel and expenses before reimbursable expenses and selling, general and administrative expenses, respectively, in our consolidated statement of operations. The restructuring costs in 2005 related to $1.1 million for the consolidation of additional facilities and related exit costs not included in previous restructuring charges and $1.8 million for increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities. The restructuring costs in 2004 related to increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities. The non-cash compensation expense in 2005 and 2004 was primarily related to the issuance of restricted stock units to employees at a senior director level or above.

Revenues. Revenues increased 14% to $163.3 million in 2005 from $143.5 million in 2004. The increase in revenues was primarily attributable to increased revenue from benchmarking and membership advisory program sales and related transformation advisory services and increased revenue from our Hyperion implementation practice. Additionally, the acquisition of REL Consultancy Group Limited ("REL"), a U.K. company that provides working capital management advisory services primarily in Europe and the U.S. on November 29, 2005 contributed $2.5 million to the increase in revenues for 2005. These impacts were partially offset by a decline in ERP and custom business intelligence revenues due to increased price competition from offshore suppliers. Reimbursements as a percentage of revenues were comparable at 10% during fiscal years 2005 and 2004. In fiscal year 2005, one customer had revenues equal to or greater than 5% of total revenues, accounting for 5% of total revenues. In fiscal year 2004, one customer had revenues greater than 5% of total revenues, accounting for 7% of total revenues. With respect to our largest customer in 2005, our contracts can be cancelled for convenience by the customer upon 30 days' notice. Our projects with this customer expire on various dates ranging from January 2006 to October 2006. We do not anticipate any credit and/or collection issues with this customer. As is customary with most of our significant relationships, we may be able to continue with new and follow-on projects as these initiatives progress into subsequent phases. However, there is no assurance that we will be able to renew these contracts. The cancellation or significant reduction in the use of services from this key customer could have a material adverse effect on our results of operations.

Project Personnel and Expenses. Project personnel costs and expenses primarily consist of salaries, benefits and incentive compensation for consultants and reimbursable expenses associated with projects. Project personnel costs and expenses before reimbursable expenses increased 9% to $83.4 million in 2005 from $76.6 million in 2004. This increase was primarily attributable to an increase in the average number of consultants in order to balance workforce capacity with market demand for services. Average consultant headcount excluding REL was 584 in 2005 and 557 in 2004. In addition, we had a slightly higher average cost per consultant in 2005 and the acquisition of REL added approximately 100 consultants during the month of December 2005.

Project personnel and expenses as a percentage of revenues, excluding the impact of REL in 2005, decreased to 60% in 2005 from 63% in 2004. The decrease was primarily the result of higher revenue per consultant during 2005 due to an increase in the average gross billing rate per hour to $190 in 2005 from $178 in 2004, which was partially offset by a slightly higher cost per consultant. The rate increase is a result of our continuing shift in mix to higher rate benchmarking and membership advisory programs and related transformation advisory services including the launch of the new fixed priced transformation advisory programs in March 2005 sold under the Hackett brand. Utilization was comparable at 69% for 2005 and 2004.

Selling, General and Administrative. Selling, general and administrative expenses increased 20% to $59.8 million in 2005 from $50.0 million in 2004. Selling, general and administrative expenses as a percentage of revenues were 37% in 2005 and 35% in 2004. The overall increases in selling, general and administrative expenses were primarily attributable to increased sales personnel and related commissions to accommodate the growth in our benchmarking, membership advisory programs, transformation advisory and Hyperion implementation services.

Restructuring Costs. Restructuring costs were $2.9 million and $3.7 million in 2005 and 2004, respectively. The $2.9 million of restructuring costs in 2005 related to $1.1 million for the consolidation of additional facilities and related exit costs not included in previously established reserves and $1.8 million for increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities of which $1.1 million specifically related to increase previously established reserves in order to reflect the negotiated buyout of our New York City lease obligation. As a result of the buyout, we were fully released from $20 million of future lease obligations and we assigned two subleases to the lessor, wrote-off a $1.4 million receivable from the lessor, and paid $3.1 million in cash to the lessor. The remaining $700 thousand related to increases in reserves to account for higher estimated losses on the sublease of facilities as a result of lower than expected sublease rates and longer than expected time estimates to sublease facilities based on current market conditions. The $3.7 million of restructuring costs in 2004 related to increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities. Existing reserves were increased to account for higher estimated losses on the sublease of facilities as a result of lower than expected sublease rates and longer than expected time estimates to sublease facilities based on current market conditions. Also in 2004, the restructuring accrual was reduced by $370 thousand relating to the final settlement of a lease obligation which was recorded as income from discontinued operations in the consolidated statement of operations in 2004.

Income Taxes. In 2005, we recorded an income tax benefit of $6 thousand which represented an effective tax rate of 0.4% of our pre-tax income. The 2005 tax benefit was comprised of a $229 thousand tax benefit related primarily to REL post acquisition losses in the U.S. partially offset by $223 thousand of income tax expense for certain state and foreign taxes related to non REL entities. In 2004, we recorded an income tax expense of $324 thousand which represented an effective tax rate of 167.6% of our pre-tax loss for certain state and foreign taxes. The estimated annual effective tax rates include an income tax benefit attributable to a decrease in the valuation allowance as a result of the expected utilization of tax net operating loss carryforwards in 2005 and 2004. The liability method of accounting for deferred income taxes requires that a change in the valuation allowance for deferred tax assets be included in income tax expense or benefit for the current year. The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have approximately $76 million of U.S. federal net operating loss carryforwards as of December 30, 2005.

Comparison of 2004 to 2003

Overview. We reported a net loss of $148 thousand in 2004 compared to a net loss of $4.8 million in 2003. Our $148 thousand loss during 2004 included restructuring costs of $3.7 million and non-cash stock compensation expense of $2.3 million. Non-cash compensation expense of approximately $800 thousand and $1.5 million is included in project personnel and expenses before reimbursable expenses and selling, general and administrative expenses, respectively, in our consolidated statement of operations. Our $4.8 million loss during 2003 included restructuring costs of $4.9 million and non-cash stock compensation expense of $1.2 million. Non-cash compensation expense of approximately $500 thousand and $700 thousand is included in project personnel and expenses before reimbursable expenses and selling, general and administrative expenses, respectively, in our consolidated statement of operations. The restructuring costs related to increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities. The compensation expense was primarily related to the issuance of restricted stock units to employees at a senior director level or above pursuant to a voluntary stock option exchange program which ended on July 14, 2003.

Revenues. Revenues increased 8.4% to $143.5 million in 2004 from $132.4 million in 2003. The increase in revenues was primarily attributable to increased revenue from benchmarking and business advisory sales and related follow-on consulting projects, and the acquisitions of EZCommerce, a dual-shore ERP implementation company, and Beacon Analytics, Inc., a business performance management consulting company, focusing on the implementation of Hyperion software. These impacts were partially offset by a decline in IT implementation revenues due to the disruption of client IT integration projects in 2004 as a result of the need to freeze control environments through the end of fiscal reporting periods in order to support Sarbanes-Oxley compliance. Reimbursements as a percentage of revenues were 10% and 11% during fiscal years 2004 and 2003, respectively. In fiscal year 2004, one customer had revenues greater than 5% of total revenues, accounting for 7% of total revenues. In fiscal year 2003, three customers had revenues greater than 5% of total revenues, which, in the aggregate, accounted for approximately 20% of total revenues. With respect to our largest customer in 2004, our contract can be cancelled for convenience by the customer upon 30 days' notice. As is customary with most of our significant relationships, we may be able to continue with new and follow-on projects as this initiative progresses into subsequent phases. However, there is no assurance that we will be able to renew this contract. The cancellation or significant reduction in the use of services from our key customer could have a material adverse effect on our results of operations.

Project Personnel and Expenses. Project personnel costs and expenses primarily consist of salaries, benefits and incentive compensation for consultants and reimbursable expenses associated with projects. Project personnel costs and expenses increased 3.2% to $90.8 million in 2004 from $88.0 million in 2003. This slight increase was primarily attributable to an increase in the number of consultants in order to balance workforce capacity with market demand for services, partially offset by lower average cost per consultant. Consultant headcount was 550 as of December 31, 2004 compared to 483 as of January 2, 2004. Project personnel and expenses as a percentage of revenues decreased to 63% during 2004 from 66% in 2003, primarily as the result of lower average cost per consultant attributable to the addition of lower cost offshore resources as part of the acquisition of EZCommerce.

Selling, General and Administrative. Selling, general and administrative expenses increased 11.8% to $50.0 million in 2004 from $44.7 million in 2003. The overall increases in selling, general and administrative expenses were primarily due to additional sales personnel and recruiting expenses to accommodate the growth in our benchmarking and business advisory services, partially offset by lower legal fees. Selling, general and administrative expenses as a percentage of revenues increased to 35% in 2004 from 34% in 2003. The increase is primarily attributable to the increase in selling and recruiting expenses for our benchmarking and business advisory services, partially offset by the impact of fixed expenses on higher levels of revenue in 2004 as compared to 2003.

Restructuring Costs and Discontinued Operations. Restructuring costs were $3.7 million and $4.9 million in 2004 and 2003, respectively. Restructuring costs in 2004 and 2003 relate to increases in previously established reserves for the closure and consolidation of facilities. Existing reserves were increased to account for higher estimated losses on the sublease of facilities as a result of lower than expected sublease rates and longer than expected time estimates to sublease facilities based on current market conditions. Also in 2004, the restructuring accrual was reduced by $370 thousand relating to the final settlement of a lease obligation for our discontinued interactive marketing business. This amount was recorded as income from discontinued operations in the consolidated statement of operations for the year ended December 31, 2004.

Income Taxes. In 2004 and 2003, we recorded $324 thousand and $350 thousand, respectively, of income tax expense for certain state and foreign taxes, which represented 167.6% and 7.8% of our pre-tax loss, respectively. We did not recognize an income tax benefit for federal and state taxes due to the establishment of a valuation allowance for the tax benefit generated on losses during 2004 and 2003. The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

In 2002, we discontinued our interactive marketing business which was acquired with THINK New Ideas. In connection therewith, we claimed a worthless stock deduction for our investment in THINK New Ideas in our 2002 tax return as a result of the discontinuance of THINK New Ideas. We voluntarily requested that the Internal Revenue Service ("IRS") review this position on an expedited basis. On August 5, 2004, we reached an agreement with the IRS representing the final step in the review process. Pursuant to the agreement, the IRS agreed that we are entitled to a worthless stock deduction of $77.3 million on our 2002 tax return.

Liquidity and Capital Resources

We have funded our operations primarily with cash flow generated from operations and the proceeds from our initial public offering. At December 30, 2005, we had $18.1 million of cash and cash equivalents compared to $38.9 million at December 31, 2004. We had $600 thousand and $3.0 million, respectively, at December 30, 2005 and December 31, 2004, on deposit with a financial institution as collateral for letters of credit and have classified this deposit as restricted cash on the accompanying consolidated balance sheets. In addition, we had $3.7 million at December 30, 2005 on deposit with a financial institution as collateral for an Employee Benefit Trust loan acquired as part of the REL Consultancy Group and have classified this deposit as restricted cash on the accompanying consolidated balance sheet. This loan was repaid during March 2006. We also had marketable investments of $9.9 million at December 30, 2005 and December 31, 2004.

Net cash provided by operating activities was $5.7 million in 2005 compared to $2.4 million for 2004. During 2005, net cash provided by operating activities was primarily attributable to net income of $1.6 million, $9.1 million of non-cash expenses and increases in accounts payable of $1.0 million, and accrued expenses and other liabilities of $1.7 million, primarily attributable to the REL acquisition, partially offset by a $7.6 million increase in accounts receivable and unbilled revenue, primarily attributable to the REL acquisition. Non-cash expenses included depreciation and amortization, non-cash compensation expense and provision for doubtful accounts. During 2004, net cash provided by operating activities was primarily attributable to $8.6 million of non-cash expenses partially offset by a $3.2 million increase in accounts receivable and unbilled revenue and a decrease of $3.0 million in accrued expenses and other liabilities.

Net cash used in investing activities was $22.6 million in 2005 compared to $10.4 million in 2004. The uses of cash for investing activities in 2005 were primarily attributable to $23.3 million used in the acquisition of businesses, purchases of $27.9 million of marketable investments and $1.8 million for purchases of property and equipment, partially offset by $27.9 million of proceeds from sales, calls and maturities of marketable investments and $2.4 million of proceeds from a decrease in restricted cash. The uses of cash for investing activities in 2004 were primarily attributable to purchases of $39.8 million of marketable investments, $7.2 million used in the acquisition of a business and $3.2 million for purchases of property and equipment, partially offset by $39.8 million of proceeds from the sales, calls and maturities of marketable investments.

Net cash used in financing activities was $3.9 million in 2005 compared to $7.6 million during 2004. During 2005 cash used in financing activities was primarily attributable to $3.9 million for the repurchase of our common stock and $1.4 million for payment of employee withholding tax related to vesting of restricted stock units, partially offset by proceeds of $1.7 million from the sale of stock as a result of exercises of stock options and the sale of stock through our Employee Stock Purchase Plan. Cash used in financing activities during 2004 consisted $10.5 million for the repurchase of our common stock, partially offset by proceeds of $2.9 million from the sale of stock as a result of exercises of stock options and the sale of stock through our Employee Stock Purchase Plan.

On July 30, 2002, we announced that our Board of Directors approved the repurchase of up to $5.0 million of our common stock. In 2003, 2004 and the second quarter of 2005, our Board of Directors approved the repurchase of an additional $25.0 million of our common stock, thereby increasing the total program size to $30 million. Under the repurchase plan, we may buy back shares of our outstanding stock from time to time either on the open market or through privately negotiated transactions, subject to market conditions and trading restrictions. As of December 30, 2005, we had repurchased 6,534,155 shares of our common stock at an average price of $3.39 per share. We hold repurchased shares of our common stock as treasury stock.

In November 2005, the Company acquired REL for a purchase price of $21.3 million in cash upon closing and deferred consideration of approximately $7.1 million to be paid at various dates though May 15, 2006, provided that the Company does not identify any warranty or indemnity claims. During the first quarter of 2006, approximately $1.7 million of deferred consideration was paid. These amounts do not include additional consideration in a sum not to exceed $9 million due upon the achievement of certain revenue targets related to the performance of REL during the 12-month period ending December 31, 2005 and the adjustment to the consideration paid to the shareholders based on the final value of net tangible assets acquired at closing which was not determinable as of December 30, 2005. In May 2004, the Company purchased the U.S. and India operations of EZCommerce Global Solutions, Inc., a business specializing in the dual-shore implementation of primarily SAP and, to a lesser extent, Oracle software. The purchase price for this acquisition was $9.0 million in cash, which included $3.0 million of deferred payments payable in equal installments on the first and second anniversary of the purchase. The first installment of the deferred payments was paid in 2005. In July 2003, we purchased the assets of Beacon Analytics, Inc., a business performance management consulting company focusing on the implementation of Hyperion software. The purchase price for this acquisition was $4.0 million in cash and approximately $2.5 million of contingent consideration due over the next three years if certain earnings goals are achieved. In both 2005 and 2004, we paid $1.1 million of earned contingent consideration, which totaled $2.2 million in the aggregate.

We currently believe that available funds and cash flows generated by operations, if any, will be sufficient to fund our working capital and capital expenditures requirements for at least the next twelve months. We may decide to raise additional funds in order to fund expansion, to develop new or enhanced products and services, to respond to competitive pressures or to acquire complementary businesses or technologies. There is no assurance, however, that additional financing on acceptable terms will be available when needed or desired.

Obligations and Commitments

There were no material capital commitments at December 30, 2005. The following summarizes our lease commitments under non-cancelable operating leases for premises at December 30, 2005 (in thousands):

Less than 1 year	$ 4,770
1-3 years	6,722
4-5 years	5,803
After 5 years	1,320
Total minimum lease payments	$ 18,615

Off-Balance Sheet Arrangements

We have no off balance sheet arrangements at December 30, 2005.

Recently Issued Accounting Standards

In December 2004, the Financial Accounting Standards Board issued SFAS 123 (revised 2004), *Share-Based Payment, ("SFAS 123R")*. SFAS 123R addresses the accounting for share-based payments to employees, including grants of employee stock options. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the consolidated statement of operations. SFAS 123R will be effective for fiscal years beginning after June 15, 2005 and allows, but does not require, companies to restate the full fiscal year of 2005 to reflect the impact of expensing share-based payments under SFAS 123R. The Company will adopt SFAS 123R effective December 31, 2005 using the Modified Prospective Application ("MPA") method. The MPA method will require the Company to record expense for unvested stock options that were awarded prior to December 31, 2005 through the remaining vesting period. The expense for unvested stock options at December 31, 2005 will be based on the grant-date fair value of those awards as calculated for pro forma disclosure under SFAS No. 123. We expect to record additional compensation expense of approximately $500 thousand and $200 thousand, pre-tax, in fiscal years 2006 and 2007, respectively, related to previously issued unvested stock options. We are currently evaluating the impact that the other provisions of SFAS No. 123R will have on its consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At December 30, 2005, our exposure to market risk related primarily to changes in interest rates on our investment portfolio. Our marketable investments consist primarily of short-term fixed interest rate securities. We invest only with high credit quality issuers and we do not use derivative financial instruments in our investment portfolio. We do not believe that a significant increase or decrease in interest rates would have a material impact on the fair value of our investment portfolio.

Exchange Rate Sensitivity

We face exposure to adverse movements in foreign currency exchange rates, as a significant portion of our revenues, expenses, assets and liabilities are denominated in currencies other than the U.S. Dollar, primarily the British pound and the euro. These exposures may change over time as business practices evolve. Currently, we do not hold any derivatives contracts that hedge our foreign currency risk, but we may adopt such strategies in the future.

For a discussion of the risks we face as a result of foreign currency fluctuations, please see "Item 1A. Risk Factors" in Part I.

Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders
of Answerthink, Inc.

In our opinion, the accompanying consolidated balance sheet as of December 31, 2004 and the related consolidated statements of operations, of shareholders' equity and comprehensive income and of cash flows for each of the two years in the period ended December 31, 2004 present fairly, in all material respects, the financial position of Answerthink, Inc. and its subsidiaries at December 31, 2004, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule for the years ended December 31, 2004 and January 2, 2004 listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Miami, Florida
March 14, 2005

ANSWERTHINK, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,103	$ 38,890
Marketable investments	9,902	—
Restricted cash	3,657	—
Accounts receivable and unbilled revenue, net of allowance of $1,766 and $2,109 in 2005 and 2004, respectively	41,928	28,883
Prepaid expenses and other assets	3,273	3,459
Total current assets	76,863	71,232
Marketable investments	—	9,902
Restricted cash	600	3,000
Property and equipment, net	6,304	7,568
Other assets	6,422	3,245
Goodwill, net	61,692	33,786
Total assets	$ 151,881	$ 128,733
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,319	$ 3,462
Accrued expenses and other liabilities	37,751	17,910
Loan payable	3,657	—
Total current liabilities	47,727	21,372
Accrued expenses and other liabilities, non-current	3,272	7,507
Total liabilities	50,999	28,879
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, $.001 par value, 1,250,000 shares authorized, none issued and outstanding	—	—
Common stock, $.001 par value, authorized 125,000,000 shares; issued: 51,020,343 shares at December 30, 2005; 48,969,181 shares at December 31, 2004	51	49
Additional paid-in capital	282,749	277,356
Unearned compensation	(8,003)	(6,011)
Treasury stock, at cost, 6,534,155 shares at December 30, 2005 and 5,526,855 shares at December 31, 2004	(22,119)	(18,178)
Accumulated deficit	(151,748)	(153,389)
Accumulated other comprehensive income (loss)	(48)	27
Total shareholders' equity	100,882	99,854
Total liabilities and shareholders' equity	$ 151,881	$ 128,733

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

ANSWERTHINK, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Year Ended December 30, 2005	Year Ended December 31, 2004	Year Ended January 2, 2004
Revenues:			
Revenues before reimbursements	$ 146,693	$ 129,339	$ 117,945
Reimbursements	16,625	14,208	14,442
Total revenues	163,318	143,547	132,387
Costs and expenses:			
Project personnel and expenses:			
Project personnel and expenses before reimbursable expenses (includes $749, $852, and $490 of stock compensation expense in 2005, 2004 and 2003, respectively)	83,380	76,626	73,551
Reimbursable expenses	16,625	14,208	14,442
Total project personnel and expenses	100,005	90,834	87,993
Selling, general and administrative expenses (includes $2,643, $1,469, and $746 of stock compensation expense in 2005, 2004 and 2003, respectively)	59,844	49,960	44,697
Restructuring costs	2,923	3,749	4,875
Total costs and operating expenses	162,772	144,543	137,565
Income (loss) from operations	546	(996)	(5,178)
Other income (expense):			
Interest income	1,168	866	706
Interest expense	(79)	(64)	—
Income (loss) before income taxes and income from discontinued operations	1,635	(194)	(4,472)
Income taxes	(6)	324	350
Income (loss) from continuing operations	1,641	(518)	(4,822)
Income from discontinued operations, net of income taxes	—	370	—
Net income (loss)	$ 1,641	$ (148)	$ (4,822)
Basic net income (loss) per common share:			
Income (loss) from continuing operations	$ 0.04	$ (0.01)	$ (0.11)
Income from discontinued operations, net of income taxes	$ —	$ 0.01	$ —
Net income (loss) per common share	$ 0.04	$ (0.00)	$ (0.11)
Weighted average common shares outstanding	43,575	44,188	45,140
Diluted net income (loss) per common share:			
Income (loss) from continuing operations	$ 0.04	$ (0.01)	$ (0.11)
Income from discontinued operations, net of income taxes	$ —	$ 0.01	$ —
Net income (loss) per common share	$ 0.04	$ (0.00)	$ (0.11)
Weighted average common and common equivalent shares outstanding	45,302	44,188	45,140

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

ANSWERTHINK, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Common Stock		Additional Paid-in	Treasury Stock		Unearned	Accumulated	Accumulated Other Comprehensive	Total Shareholders'	Comprehensive Income
	Shares	Amount	Capital	Shares	Amount	Compensation	Deficit	Income (Loss)	Equity	(Loss)
Balance at January 3, 2003	47,728	$ 48	$ 263,626	(1,146)	$ (2,208)	$ —	$ (148,419)	$ —	$ 113,047	
Issuance of common stock	563	—	1,252	—	—	—	—	—	1,252	
Treasury stock purchased	—	—	—	(2,404)	(5,478)	—	—	—	(5,478)	
Issuance of restricted stock units, net of cancellations	—	—	9,487	—	—	(9,487)	—	—	—	
Amortization of restricted stock units	—	—	—	—	—	1,120	—	—	1,120	
Stock compensation expense	—	—	13	—	—	—	—	—	13	
Variable stock options	—	—	103	—	—	—	—	—	103	
Net loss	—	—	—	—	—	—	(4,822)	—	(4,822)	$ (4,822)
Total Comprehensive Loss	—	—	—	—	—	—	—	—	—	$ (4,822)
Balance at January 2, 2004	48,291	$ 48	$ 274,481	(3,550)	$ (7,686)	$ (8,367)	$ (153,241)	$ —	$ 105,235	
Issuance of common stock	678	1	2,910	—	—	—	—	—	2,911	
Treasury stock purchased	—	—	—	(1,977)	(10,492)	—	—	—	(10,492)	
Issuance of restricted stock units, net of cancellations	—	—	(97)	—	—	97	—	—	—	
Amortization of restricted stock units	—	—	—	—	—	2,259	—	—	2,259	
Variable stock options	—	—	62	—	—	—	—	—	62	
Net loss	—	—	—	—	—	—	(148)	—	(148)	$ (148)
Unrealized holding losses on available for sale marketable investments	—	—	—	—	—	—	—	(98)	(98)	(98)
Foreign currency translation	—	—	—	—	—	—	—	125	125	125
Total Comprehensive Loss	—	—	—	—	—	—	—	—	—	$ (121)
Balance at December 31, 2004	48,969	$ 49	$ 277,356	(5,527)	$(18,178)	$ (6,011)	$ (153,389)	$ 27	$ 99,854	
Issuance of common stock	2,051	2	269	—	—	—	—	—	271	
Treasury stock purchased	—	—	—	(1,007)	(3,941)	—	—	—	(3,941)	
Issuance of restricted stock units, net of cancellations	—	—	5,135	—	—	(5,135)	—	—	—	
Amortization of restricted stock units	—	—	—	—	—	3,143	—	—	3,143	
Variable stock options	—	—	(11)	—	—	—	—	—	(11)	
Net income	—	—	—	—	—	—	1,641	—	1,641	$ 1,641
Foreign currency translation	—	—	—	—	—	—	—	(75)	(75)	(75)
Total Comprehensive Income	—	—	—	—	—	—	—	—	—	$ 1,566
Balance at December 30, 2005	51,020	$ 51	$ 282,749	(6,534)	$(22,119)	$ (8,003)	$ (151,748)	$ (48)	$ 100,882	

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

ANSWERTHINK, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 30, 2005	Year Ended December 31, 2004	Year Ended January 2, 2004
Cash flows from operating activities:			
Net income (loss)	$ 1,641	$ (148)	$ (4,822)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	4,870	5,177	4,954
Non-cash compensation expense	3,392	2,321	1,236
Provision for doubtful accounts	797	1,060	(235)
Changes in assets and liabilities, net of effects from acquisitions:			
Decrease (increase) in accounts receivable and unbilled revenue	(7,572)	(3,210)	1,309
Decrease (increase) in prepaid expenses and other assets	(88)	920	10,075
Increase (decrease) in accounts payable	986	(707)	(2,066)
Increase (decrease) in accrued expenses and other liabilities	1,680	(2,974)	(586)
Net cash provided by operating activities	5,706	2,439	9,865
Cash flows from investing activities:			
Purchases of property and equipment	(1,762)	(3,199)	(1,225)
Decrease (increase) in restricted cash	2,400	—	(91)
Purchases of marketable investments	(27,900)	(39,750)	(58,458)
Proceeds from sales, calls and maturities of marketable investments	27,900	39,750	76,508
Cash used in acquisition of businesses, net of cash acquired	(23,256)	(7,210)	(3,301)
Net cash provided by (used in) investing activities	(22,618)	(10,409)	13,433
Cash flows from financing activities:			
Proceeds from issuance of common stock	1,704	2,911	1,252
Payment of employee withholding tax related to restricted stock units	(1,432)	—	—
Repurchases of common stock	(3,941)	(10,492)	(5,478)
Proceeds from borrowings	162	—	—
Repayments of loan payable	(368)	—	—
Net cash used in financing activities	(3,875)	(7,581)	(4,226)
Net increase (decrease) in cash and cash equivalents	(20,787)	(15,551)	19,072
Cash and cash equivalents at beginning of year	38,890	54,441	35,369
Cash and cash equivalents at end of year	$ 18,103	$ 38,890	$ 54,441
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 16	$ —	$ —
Cash paid for income taxes	$ 401	$ 193	$ 110

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

ANSWERTHINK, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Significant Accounting Policies

Nature of Business

Answerthink, Inc. (the "Company" or "Answerthink") is a leading business and technology consulting firm that enables companies to achieve world-class business performance. Answerthink's combined capabilities include business advisory programs, benchmarking, business transformation, working capital management, business applications, and business intelligence, with corresponding offshore support.

Principles of Consolidation

The consolidated financial statements and information herein include the accounts of Answerthink and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year generally consists of a 52-week period and periodically consists of a 53-week period because the fiscal year ends on the Friday closest to December 31. Fiscal years 2005, 2004, and 2003 ended on December 30, 2005, December 31, 2004 and January 2, 2004, respectively. References to a year included in this section refer to a fiscal year rather than a calendar year.

Cash and Cash Equivalents

The Company considers all short-term investments with maturities of three months or less when purchased to be cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the F.D.I.C. insurance limits. The Company has not experienced any loss to date on these investments.

Marketable Investments

Marketable investments are available-for-sale securities which are recorded at fair market value. Unrealized gains and losses on these investments are reported in comprehensive income or loss and accumulated as a separate component of shareholders' equity, net of any related tax effect. Declines in value that are judged to be other than temporary result in a reduction of the carrying amount of the investment to fair value and the recognition of an impairment charge in other income (expense). Realized gains and losses from sales of available-for-sale securities were not material for any period presented. For the purpose of determining realized gains and losses, the cost of securities sold is based upon specific identification.

Accounts Receivable and Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses resulting from our clients not making required payments. Management makes estimates of the collectibility of the accounts receivables. Management critically reviews accounts receivable and analyzes historical bad debts, past-due accounts, client credit-worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts.

Property and Equipment, Net

Property and equipment are recorded at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the assets ranging from three to five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated useful life of the improvement, whichever is shorter. Expenditures for repairs and maintenance are charged to expense as incurred. Expenditures for betterments and major improvements are capitalized. The carrying amount of assets sold or retired and related accumulated depreciation are removed from the accounts in the year of disposal and any resulting gains or losses are included in the statement of operations.

1. Nature of Business and Significant Accounting Policies (continued)

The Company capitalizes the costs of internal-use software in accordance with Statement of Position No. 98-1 ("SOP 98-1), *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. SOP 98-1 provides guidance on applying generally accepted accounting principles in addressing whether and under what conditions the costs of internal-use software should be capitalized. The Company capitalizes certain costs, which generally include hardware, software, and payroll related costs for employees who are directly associated with and who devote time to the development of internal-use computer software.

Goodwill and Other Intangible Assets

All of the Company's goodwill and intangible assets has been accounted for under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*. Goodwill represents the cost of acquired businesses in excess of the estimated fair value assigned to the net assets acquired. Other intangible assets arise from business combinations and consist of customer relationships, restricted covenants related to employment agreements, customer backlog and trademarks that are amortized, on a straight-line basis, over periods of up to five years. The Company follows the impairment provisions and disclosure requirements of SFAS No. 142. Goodwill and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In addition, goodwill is tested for impairment at the reporting unit level at least annually utilizing a "fair value" methodology versus an undiscounted cash flow method required under previous accounting rules. The Company evaluates the fair values of its reporting units utilizing various techniques including discounted cash flow analysis. The reporting units consist of The Hackett Group, Business Applications and Business Intelligence. In assessing the recoverability of goodwill and intangible assets, the Company makes assumptions regarding estimated future cash flows, discount rates and other factors to determine if impairment tests are met. These estimates contain management's best estimates, using appropriate and customary assumptions and projections at the time. The Company performed its annual impairment test of goodwill in the fourth quarters of fiscal 2005, 2004 and 2003, respectively, and determined that goodwill was not impaired.

Long-Lived Assets (excluding Goodwill)

We follow the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment of Long-Lived Assets" which requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived assets being evaluated.

Revenue Recognition

The Company principally derives revenues from fees for services generated on a project-by-project basis. Revenues for services rendered are recognized on a time and materials basis or on a fixed-fee or capped-fee basis. Revenues for time and materials contracts are recognized based on the number of hours worked by the Company's consultants at an agreed upon rate per hour and are recognized in the period in which services are performed. Revenues related to fixed-fee or capped-fee contracts are recognized on the proportional performance method of accounting based on the ratio of labor hours incurred to estimated total labor hours. 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 excludes the amount the client pays for reimbursable expenses. There are situations where the number of hours to complete projects may exceed the Company's original estimate. These increases can be as a result of an increase in project scope, unforeseen events that arise, or the inability of the client or the delivery team to fulfill their responsibilities. On an on-going basis, the Company's project delivery, office of risk management and finance personnel review hours incurred and estimated total labor hours to complete projects and any revisions in these estimates are reflected in the period in which they become known.

1. Nature of Business and Significant Accounting Policies (continued)

Unbilled revenues represent revenues for services performed that have not been invoiced. If the Company does not accurately estimate the scope of the work to be performed, or does not manage the projects properly within the planned periods of time or does not meet the clients' expectations under the contracts, then future consulting margins may be negatively affected or losses on existing contracts may need to be recognized. Any such resulting reductions in margins or contract losses could be material to the Company's results of operations. Revenues before reimbursements exclude reimbursable expenses charged to clients. Reimbursements, which include travel and out-of-pocket expenses, are included in revenues, and an equivalent amount of reimbursable expenses is included in project personnel and expenses.

The agreements entered into in connection with a project, whether time and materials based or fixed-fee or capped-fee based, typically allow the Company's 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 the Company through the effective date of the termination. In addition, from time to time the Company enters into agreements with clients that limit the Company's right to enter into business relationships with specific competitors of that client for a specific time period. These provisions typically prohibit the Company from performing a defined range of services that it 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.

Stock Compensation

The Company applies Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations in accounting for its stock option plans. The Company measures compensation expense related to the grant of stock options and stock-based awards to employees (including independent directors) in accordance with the provisions of APB No. 25. In accordance with APB Opinion No. 25, compensation expense, if any, is generally based on the difference between the exercise price of an option, or the amount paid for an award, and the market price or fair value of the underlying common stock at the date of the award or at the measurement date for variable awards. Stock-based compensation arrangements involving non-employees are accounted for under SFAS No. 123, *Accounting for Stock-Based Compensation*, under which such arrangements are accounted for based on the fair value of the option or award.

Under SFAS No. 123, compensation cost for the Company's stock-based compensation plans would be determined based on the fair value at the grant dates for awards under those plans. The assumptions underlying the fair value calculations of the stock option grants are presented in Note 11. Had the Company adopted SFAS No. 123 in accounting for its stock option plans, the Company's consolidated net income (loss) and net income (loss) per share for the years ended December 30, 2005, December 31, 2004 and January 2, 2004 would have been adjusted to the pro forma amounts indicated as follows (in thousands, except per share data):

	Year Ended		
	December 30, 2005	December 31, 2004	January 2, 2004
Net income (loss), as reported	$ 1,641	$ (148)	$ (4,822)
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effects	3,392	2,321	1,236
Deduct: Total stock-based employee pro forma compensation expense determined under fair value based method for all awards, net of related tax effects	(5,195)	(5,354)	(6,702)
Pro forma net loss	$ (162)	$ (3,181)	$ (10,288)
Basic net income (loss) per common share			
As reported	$ 0.04	$ (0.00)	$ (0.11)
Pro forma	$ (0.00)	$ (0.07)	$ (0.23)
Diluted net income (loss) per common share			
As reported	$ 0.04	$ (0.00)	$ (0.11)
Pro forma	$ (0.00)	$ (0.07)	$ (0.23)

1. Nature of Business and Significant Accounting Policies (continued)

Income Taxes

The Company records income taxes using the liability method. Under this method, the Company records deferred taxes based on temporary taxable and deductible differences between the tax bases of the Company's assets and liabilities and their financial reporting bases. The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Net Income (Loss) Per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. With regard to restricted stock units issued to employees, the calculation includes only the vested portion of such stock.

Net income (loss) per share assuming dilution is computed by dividing the net income (loss) by the weighted average number of common shares outstanding, increased by the assumed conversion of other potentially dilutive securities during the period. For the year ended December 30, 2005, potentially dilutive securities included 1,506,707 of unvested restricted stock units issued to employees and 220,832 of common stock issuable upon the exercise of stock options following the treasury stock method.

Potentially dilutive shares were excluded from the diluted loss per share calculation for the years ended December 31, 2004 and January 2, 2004 because their effects would have been anti-dilutive to the loss incurred by the Company. Therefore, the amounts reported for basic and diluted net loss per share were the same for those years. Potentially dilutive shares which were not included in the diluted loss per share calculation for the years ending December 31, 2004 and January 2, 2004 were 2,368,180 shares and 777,265 shares, respectively, of shares underlying unvested restricted stock units issued to employees and 667,728 shares and 289,647 shares, respectively, of common stock issuable upon the exercise of stock options and warrants following the treasury stock units method.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, marketable investments, accounts receivable and unbilled revenue, accounts payable, and accrued expenses and other liabilities. At December 30, 2005 and December 31, 2004, the fair value of these instruments approximated their carrying value.

Concentration of Credit Risk

The Company provides services primarily to Global 2000 companies and other sophisticated buyers of business consulting and IT services. The Company performs ongoing credit evaluations of its major customers and maintains reserves for potential credit losses. In fiscal years 2005 and 2004, one customer had revenues greater than 5% of total revenues, accounting for approximately 5% and 7% of total revenues, respectively. In fiscal year 2003, three customers had revenues greater than 5% of total revenues, which, in the aggregate, accounted for approximately 20% of total revenues.

Management's Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Nature of Business and Significant Accounting Policies (continued)

Other Comprehensive Income (Loss)

Other comprehensive income (loss) consists of unrealized gains and losses on available-for-sale securities, and cumulative foreign currency translation adjustments.

Translation of Non-U.S. Currency Amounts

The net assets and operations of entities outside of the United States are translated into U.S. dollars. Assets and liabilities are translated at year-end exchange rates and income and expense items are translated at average exchange rates prevailing during the year. Translation adjustments are included in accumulated other comprehensive income (loss). Gains and losses arising from intercompany foreign currency transactions that are of a long-term-investment nature are reported in the same manner as translation adjustments.

Segment Reporting

The Company engages in business activities in one operating segment, which provides business and technology consulting services.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board issued SFAS 123 (revised 2004), *Share-Based Payment, ("SFAS 123R")*. SFAS 123R addresses the accounting for share-based payments to employees, including grants of employee stock options. Under the new standard, companies will no longer be able to account for share-based compensation transactions using the intrinsic method in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Instead, companies will be required to account for such transactions using a fair-value method and recognize the expense in the consolidated statement of operations. SFAS 123R will be effective for fiscal years beginning after June 15, 2005 and allows, but does not require, companies to restate the full fiscal year of 2005 to reflect the impact of expensing share-based payments under SFAS 123R. The Company will adopt SFAS 123R effective December 31, 2005 using the Modified Prospective Application ("MPA") method. The MPA method will require the Company to record expense for unvested stock options that were awarded prior to December 31, 2005 through the remaining vesting period. The expense for unvested stock options at December 31, 2005 will be based on the grant-date fair value of those awards as calculated for pro forma disclosure under SFAS No. 123. The requirements of SFAS 123R are effective for the Company beginning in the first quarter of fiscal year 2006. The Company expects to record additional compensation expense of approximately $500 thousand and $200 thousand, pre-tax, in fiscal years 2006 and 2007, respectively, related to previously issued unvested stock options. The Company is currently evaluating the impact that the other provisions of SFAS No. 123R will have on its consolidated financial statements.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform current year presentation.

2. Acquisitions and Investing Activities

During the three year period ended December 30, 2005, the Company acquired four businesses providing information technology services (collectively, the "Acquired Entities") in separate transactions. Two were completed in 2005, one was completed in 2004, and one was completed in 2003. Aggregate consideration for the Acquired Entities was $33.8 million. This amount has been allocated, on an entity-by-entity basis, to the assets acquired and liabilities assumed based on their respective fair values on the dates of acquisition.

2. Acquisitions and Investing Activities (continued)

The components of the purchase price allocation for the Acquired Entities, contingent consideration earned for previous acquisitions, and fees and expenses incurred are as follows (in thousands):

	2005	2004	2003
Fair value of net assets (excluding cash) acquired	$ (4,146)	$ 1,121	$ 1,264
Goodwill	27,690	7,066	—
Intangible assets	5,332	1,943	2,287
Deferred payment accrued	(7,120)	(2,920)	—
Deferred payment paid	1,500	—	—
Accrued earn-out	—	—	(250)
Cash used in acquisitions of businesses, net of cash acquired	$ 23,256	$ 7,210	$ 3,301

These acquisitions have been accounted for using the purchase method of accounting. Accordingly, the results of the acquisitions are included in the Company's consolidated results of operations from the respective dates of acquisition. For each acquisition, the excess of the purchase price including any contingent consideration over the estimated fair value of the net identifiable assets acquired has been recorded as goodwill and/or intangible assets. For each of the acquisitions made, goodwill is deductible for tax purposes except in the case of goodwill for the REL acquisition, which amounted to $25.8 million.

In November 2005, the Company purchased REL Consultancy Group Limited ("REL"), a privately-held U.K. company that provides working capital management advisory services primarily in Europe and the U.S. Under the terms of the Share Purchase Agreement, the stockholders of REL received aggregate cash of $21.3 million upon closing. Deferred consideration of approximately $7.1 million, which was recorded as part of the acquisition cost, will be paid at various dates through May 15, 2006, provided that the Company does not identify any warranty or indemnity claims. During the first quarter of 2006, approximately $1.7 million of deferred consideration was paid. These amounts do not include additional consideration in a sum not to exceed $9 million due upon the achievement of certain revenue targets related to the performance of REL during the 12-month period ending December 31, 2005 and the adjustment to the consideration paid to the shareholders based on the final value of net tangible assets acquired at closing, which was not determinable as of December 30, 2005. Any payments related to the contingent consideration will be recorded as an adjustment to goodwill. The excess of the purchase price of the acquisition over the estimated fair value of the net identifiable assets acquired has been recorded as $5.3 million of intangible assets and $25.8 million of goodwill. The intangible assets are being amortized over periods ranging from 6 months to 5 years.

In connection with the acquisition, the Company recorded liabilities of $2.6 million for termination obligations, in accordance with EITF 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination". The Company has recognized these obligations as a liability assumed as of the acquisition date. These termination obligations consisted of $1.4 million of employee separation costs and $1.2 million related to the closure of redundant REL real estate facilities. The Company expects to complete the severance payments by fiscal year 2006. Lease termination activities for all but $208 thousand are expected to be completed by fiscal year 2006.

The following unaudited pro forma information is provided for the REL acquisition assuming it occurred as of January 1, 2005 and as of January 3, 2004, respectively, (in millions, except per share amounts):

	2005	2004
Revenues	$ 200,075	$ 178,922
Net loss	$ (2,731)	$ (1,488)
Basic and diluted net loss per share	$ (0.06)	$ (0.03)

2. Acquisitions and Investing Activities (continued)

The unaudited pro forma financial information presented above does not reflect any operating efficiencies and cost savings that the Company may achieve with respect to the entities nor any expenses associated with achieving those benefits. The unaudited pro forma information presented above is based on currently available information and upon certain assumptions that the Company believes are reasonable and is for illustrative purposes only. It is not necessarily indicative of the future results of operations of the Company or the results of operations of the Company had the acquisition occurred on January 1, 2005 or January 3, 2004.

Other Acquisitions

In January 2005, the Company purchased the operations of Active Interest, Inc., a company that specializes in the implementation of Hyperion Brio data warehouse software. The purchase price for this acquisition was $607 thousand in aggregate cash. The excess of the purchase price of the acquisition over the estimated fair value of the net identifiable assets acquired has been recorded as $42 thousand of intangible assets and $565 thousand of goodwill.

In May 2004, the Company purchased the U.S. and India operations of EZCommerce Global Solutions, Inc., a business specializing in the dual-shore implementation of primarily SAP and, to a lesser extent, Oracle software. The purchase price for this acquisition was $9.0 million in cash, which included $3.0 million of deferred payments payable in equal installments on the first and second anniversary of the purchase. The first installment of the deferred payments was paid in 2005. The excess of the purchase price of the acquisition over the estimated fair value of the net identifiable assets acquired has been recorded as $1.4 million of intangible assets and $6.7 million of goodwill. The intangible assets are being amortized over periods ranging from 8 months to 4 years.

In July 2003, the Company purchased the assets of Beacon Analytics, Inc. ("Beacon"), a business performance management consulting company focusing on the implementation of Hyperion software. The purchase price for this acquisition was $4.0 million in cash and approximately $2.5 million of contingent cash consideration due over the next three years if certain earnings goals are achieved. The excess of the purchase price of the acquisition over the estimated fair value of the net identifiable assets which totaled $2.0 million has been recorded as intangible assets and are being amortized over periods ranging from 6 months to 3 years. During 2004, the Company paid $1.1 million for earned contingent consideration related to the purchase of Beacon. Of this amount, $566 thousand was recorded as intangible assets and $528 thousand as goodwill. During 2005, the Company paid $1.1 million for earned contingent consideration related to the purchase of Beacon which was recorded as goodwill.

The pro forma impact of the acquisition of Active Interest, Inc. in 2005 and the acquisitions completed in 2004 and 2003 were not significant to the results of the Company's consolidated operations for the years ended December 30, 2005, December 31, 2004 and January 2, 2004.

The Company includes its acquired intangible assets with definitive lives in other assets in the accompanying consolidated balance sheets. As of December 30, 2005 and December 31, 2004, intangible assets totaled approximately $5.9 million and $2.3 million, respectively, net of accumulated amortization of $4.9 million and $3.1 million, respectively. Acquired intangible assets with definite lives are amortized over periods ranging from 6 months to 5 years. Amortization expense for such intangible assets was $1.8 million, $2.0 million and $893 thousand for the fiscal years ended December 30, 2005, December 31, 2004 and January 2, 2004, respectively.

2. Acquisitions and Investing Activities (continued)

The estimated future amortization expense of intangible assets as of December 30, 2005 is as follows (in thousands):

Fiscal Year	Amount
2006	$ 2,550
2007	1,249
2008	709
2009	700
2010	642
	$ 5,850

3. Accounts Receivable and Unbilled Revenue, Net

Accounts receivable and unbilled revenues, net consists of the following (in thousands):

	December 30, 2005	December 31, 2004
Accounts receivable	$ 35,870	$ 24,932
Unbilled revenue	7,824	6,060
Allowance for doubtful accounts	(1,766)	(2,109)
	$ 41,928	$ 28,883

4. Marketable Investments

At December 30, 2005 and December 31, 2004, all of the Company's marketable securities were U.S. Government Agencies and were classified as available for sale. Marketable investments are carried on the balance sheet at their fair value.

The following tables summarize the Company's marketable investments (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
2005				
U.S. Government Agencies	$ 10,000	$ —	$ (98)	$ 9,902
2004				
U.S. Government Agencies	$ 10,000	$ —	$ (98)	$ 9,902

Contractual maturities of marketable investments at December 30, 2005 are as follows (in thousands):

	Amortized Cost	Market Value
Less than one year	$ 10,000	$ 9,902
Due in 1-2 years	—	—
Due in 3-5 years	—	—
Due after 5 years	—	—
	$ 10,000	$ 9,902

4. Marketable Investments (continued)

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations. Gross realized gains and losses on the sale of securities were not material to the Company's consolidated results of operations for the years ended December 30, 2005, December 31, 2004 and January 2, 2004.

5. Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	December 30, 2005	December 31, 2004
Equipment	$ 9,459	$ 8,997
Software	6,237	5,478
Leasehold improvements	3,426	3,310
Furniture and fixtures	377	149
Automobile	35	—
	19,534	17,934
Less accumulated depreciation	(13,230)	(10,366)
	$ 6,304	$ 7,568

During fiscal year 2004 write-offs of $1.2 million for leasehold improvements and other assets were recorded as part of the restructuring costs.

Depreciation expense for the years ended December 30, 2005, December 31, 2004 and January 2, 2004 was $3.1 million, $3.2 million and $4.1 million, respectively.

6. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 30, 2005	December 31, 2004
Accrued compensation and benefits	$ 5,194	$ 3,447
Accrued bonuses	4,778	971
Accrued restructuring related expenses	1,844	2,021
Deferred revenue	7,715	4,680
Other accrued expenses	9,604	5,355
Acquisition related deferred payments	8,616	1,436
Current accrued expenses and other liabilities	37,751	17,910
Accrued restructuring related expenses- non-current	2,990	6,023
Acquisition related deferred payment- non-current	—	1,484
Other accrued expenses – non-current	282	—
Non-current accrued expenses and other liabilities	3,272	7,507
Total accrued expenses and other liabilities	$ 41,023	$ 25,417

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6. Accrued Expenses and Other Liabilities (continued)

Bank Overdrafts

At December 30, 2005 the Company had $1.6 million in bank overdrafts outstanding, classified as current other accrued expenses in the accompanying balance sheet. The Company's bank overdraft facility is secured by its assets, and carries floating interest of 1.5% over National Westminster Bank's base rate, which was 4.5% at December 30, 2005. Interest expense for the year ended December 30, 2005 was approximately $16,000.

7. Loan Payable

At December 30, 2005, the Company had a loan with a financial institution of $3.7 million, classified as loan payable in the accompanying balance sheet. The loan is secured by $3.7 million of cash, classified as current restricted cash in the accompanying balance sheet. This bank loan carries interest on the balance, net of restricted cash, of 2% over National Westminster Bank's base rate, which was 4.5% at December 30, 2005. The loan was repaid during March 2006.

8. Letters of Credit

The Company had outstanding letters of credit of $600 thousand and $2.6 million to secure the Company's obligations on various operating leases as of December 30, 2005 and December 31, 2004, respectively. The Company has deposited $600 thousand and $3.0 million at December 30, 2005 and December 31, 2004, respectively, with a financial institution as collateral for these letters of credit and has classified this deposit as restricted cash on the accompanying consolidated balance sheets.

9. Lease Commitments

The Company has operating lease agreements for its premises that expire on various dates through 2011. Rent expense for the years ended December 30, 2005, December 31, 2004 and January 2, 2004 was $2.0 million, $2.0 million and $2.2 million, respectively.

Future minimum lease commitments and sublease receipts under non-cancelable operating leases for premises having a remaining term in excess of one year at December 30, 2005 are as follows (in thousands):

	Rental Payments	Sublease Receipts
2006	$ 4,770	$ 1,549
2007	3,557	1,370
2008	3,165	1,262
2009	3,120	1,275
2010	2,683	1,219
Thereafter	1,320	721
Total	$ 18,615	$ 7,396

10. Income Taxes

The components of income tax expense (benefit) are as follows (in thousands):

	Year Ended December 30, 2005	Year Ended December 31, 2004	Year Ended January 2, 2004
Current tax expense (benefit)			
Federal	$ (204)	$ —	$ —
State	110	231	262
Foreign	88	93	88
	(6)	324	350
Deferred tax expense			
Federal	—	—	—
State	—	—	—
Foreign	—	—	—
	—	—	—
Income taxes	$ (6)	$ 324	$ 350

A reconciliation of the federal statutory tax rate with the effective tax rate is as follows:

	Year Ended December 30, 2005	Year Ended December 31, 2004	Year Ended January 2, 2004
U.S. statutory income tax (benefit) rate	35.0 %	(35.0) %	(35.0) %
State income taxes, net of Federal income tax benefit	4.4	77.7	3.8
Loss on investment in subsidiary	—	2,573.4	(129.6)
Valuation allowance	(67.6)	(2,559.2)	166.4
Other, net	27.8	110.7	2.2
Effective rate	(0.4) %	167.6 %	7.8 %

The components of the net deferred income tax asset are as follows (in thousands):

	December 30, 2005	December 31, 2004
Deferred income tax assets:		
Purchased research and development	$ 711	$ 817
Allowance for doubtful accounts	693	833
Net operating loss and tax credits carryforward	34,053	30,581
Accrued expenses and other liabilities	5,812	6,373
	41,269	38,604
Valuation allowance	(36,622)	(35,360)
	4,647	3,244
Deferred income tax liabilities:		
Depreciation and amortization	(3,729)	(2,060)
Other items	(918)	(1,184)
	(4,647)	(3,244)
Net deferred income tax asset	$ —	$ —

10. Income Taxes (continued)

At December 30, 2005 and December 31, 2004, the Company had $76.0 million and $74.0 million, respectively, of U.S. federal net operating loss carryforwards available for tax purposes, most of which expire in 2022 if not utilized. Additionally, in connection with the REL acquisition in 2005, the Company acquired approximately $8.5 million in foreign net operating loss carryforwards, including $6 million in REL UK net operating losses. Most of the foreign net operating losses may be carried forward indefinitely.

In connection with the acquisition of REL, the Company recorded net deferred tax assets amounting to approximately $1 million, which have been fully reserved by a valuation allowance as of the acquisition date. Upon a change to any portion of the valuation allowance in the future, the Company will adjust goodwill associated with the acquisition.

In 2002, the Company discontinued its interactive marketing business which was acquired with THINK New Ideas. The Company claimed a worthless stock deduction for its investment in THINK New Ideas in its 2002 tax return as a result of the discontinuance of THINK New Ideas. The Company voluntarily requested that the Internal Revenue Service ("IRS") review this position on an expedited basis. On August 5, 2004, the Company reached an agreement with the IRS representing the final step in the review process. Pursuant to the agreement, the Company and the IRS agreed that the Company was entitled to a worthless stock deduction of $77.3 million on the Company's 2002 tax return.

The liability method of accounting for deferred income taxes requires a valuation allowance against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. At December 30, 2005 and December 31, 2004, the Company had established a valuation allowance of $36.6 million and $35.4 million, respectively, to reduce deferred income tax assets primarily related to net operating loss carryforwards.

11. Shareholders' Equity

Stock Plans

Effective July 1, 1998, the Company adopted an Employee Stock Purchase Plan to provide substantially all employees who have completed three months of service as of the beginning of an offering period an opportunity to purchase shares of its common stock through payroll deductions. Purchases on any one grant are limited to 10% of eligible compensation. Participant account balances are used to purchase shares of stock at the lesser of 85 % of the fair market value of shares on the first trading day of the six-month offering period or on the last trading day of such offering period. The aggregate fair market value, determined as of the first trading date of the offering period, as to shares purchased by an employee may not exceed $25,000 annually. The Employee Stock Purchase Plan expires on July 1, 2008. A total of 4,275,000 shares of common stock are available for purchase under the plan with a limit of 400,000 shares of common stock to be issued per offering period. For plan years 2005, 2004 and 2003, 460,735 shares, 316,889 shares and 455,482 shares, respectively, were issued.

During the fourth quarter of fiscal 2005, the Board of Directors approved a change to the common stock purchase discount and approved the elimination of the related look back period. As a result, effective beginning in fiscal 2006, shares of our common stock may be purchased by employees at six months intervals at 95% of the fair market value on the last trading day of each six month period.

The Company has granted stock options to employees and directors of the Company at exercise prices equal to the market value of the stock at the date of grant. The options generally vest ratably over four years with a maximum term of 10 years. The number of shares available for future issuance at December 30, 2005 is 10,365,632 shares.

On June 11, 2003, the Company commenced two tender offer programs involving voluntary stock option exchanges for the Company's employees. The offering periods for the two stock option exchange programs ended on July 14, 2003.

11. Shareholders' Equity (continued)

One program was offered to employees at a director level or below. Under this exchange program, employees holding nonqualified or incentive stock options to purchase the Company's common stock with an exercise price of $4.50 or more were given the opportunity to exchange their existing options for new options to purchase shares of the Company's common stock equal to an amount depending on the exercise price of the surrendered options. Options for 521,991 shares were tendered on July 14, 2003 in the exchange program. On January 15, 2004, the Company granted 163,995 options to purchase shares of the Company's common stock in exchange for the options tendered. The new options were granted six months and one day after acceptance of the old options for exchange and cancellation. The exercise price of the new options was $6.34, which was the last reported sale price of the Company's common stock on the Nasdaq Stock Market's National Market on January 15, 2004. The new options vest over a two-year period from the date of grant.

The other program was offered to employees at a senior director level or above who had been with the Company since July 4, 2002. Under this exchange program, employees holding nonqualified options to purchase the Company's common stock with an exercise price of $2.80 or more were given the opportunity to exchange their existing options for restricted stock units which were granted on a one-to-one ratio and are subject to a new four-year vesting schedule. On July 14, 2003, the Company accepted for cancellation options to purchase 3,826,561 shares of the Company's common stock representing 95% of the 4,045,182 options that were eligible to be tendered in the exchange program. Pursuant to the terms of the exchange program, the Company issued 3,826,561 restricted stock units in exchange for the options surrendered. Eligible options that were not exchanged are required to be accounted for under variable plan accounting pursuant to FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*. As of December 30, 2005 the Company had 169,295 outstanding stock options which are accounted for under variable plan accounting. The weighted average exercise price of these remaining eligible options is $3.96. Variable plan accounting resulted in a reduction of stock compensation expense of approximately $11 thousand and $62 thousand of stock compensation expense for the years ended December 30, 2005 and December 31, 2004, respectively.

Stock option activity under the Company's stock option plans is summarized as follows:

	Year Ended					
	December 30, 2005		December 31, 2004		January 2, 2004	
	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price	Option Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,259,452	$ 5.68	3,013,625	$ 5.69	8,263,971	$ 6.78
Granted	45,000	3.96	1,425,744	6.19	2,149,238	2.96
Exercised	(107,649)	2.82	(361,652)	4.26	(125,779)	5.29
Canceled	(751,482)	6.17	(818,265)	7.19	(7,273,805)	6.15
Outstanding at end of year	2,445,321	$ 5.63	3,259,452	$ 5.68	3,013,625	$ 5.69
Exercisable at end of year	1,488,362		1,423,522		1,623,177	
Weighted average fair value of options granted during the period	$ 2.30		$ 4.33		$ 2.08	

The following assumptions were used by the Company to determine the fair value of stock options granted using the Black-Scholes options-pricing model:

	Year Ended		
	December 30, 2005	December 31, 2004	January 2, 2004
Expected volatility	75%	75% to 100%	100%
Average expected option life	4 years	4 years	4 years
Risk-free rate	3.9%	3.5%	2.5%
Dividend yield	0%	0%	0%

11. Shareholders' Equity (continued)

The following table summarizes information about the Company's stock options outstanding at December 30, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$1.45 - $2.74	268,446	6.1	$ 2.20	172,407	$ 2.19
$2.75 - $3.79	403,975	5.8	3.31	316,096	3.42
$3.80 - $5.35	185,169	8.0	4.69	71,844	4.96
$5.36 - $5.99	232,015	6.4	5.58	170,111	5.56
$6.00 - $6.20	319,082	3.6	6.04	319,082	6.04
$6.21 - $6.25	658,750	8.0	6.25	173,125	6.25
$6.26 - $6.99	156,306	7.6	6.41	70,369	6.41
$7.00 - $9.99	121,361	5.0	8.40	95,111	8.64
$10.00 - $32.56	100,217	3.8	16.03	100,217	16.03
	2,445,321	6.3	$ 5.63	1,488,362	$ 5.81

As of December 30, 2005 and December 31, 2004, the Company had 2,828,633 and 3,476,996 restricted stock units outstanding, respectively. The Company recorded non-cash compensation expense of $3.1 and $2.3 million, respectively, in 2005 and 2004, based on the vesting provisions of the restricted stock units and the fair market value of the stock on the grant date. In addition, during 2005 the Company recorded $260 thousand of stock compensation expense as a result of stock awards granted to certain executives whereby the number of shares ultimately received, if any, is dependent on the Company's performance against specified performance targets. During fiscal 2005 the company issued 1,482,783 common shares related to the vesting of restricted stock units. The Company expects to incur approximately $850 thousand of stock compensation expense per quarter over the remaining vesting period of the restricted stock units through the second quarter of 2007 and approximately $323 thousand per quarter from the third quarter of 2007 through the third quarter of 2009.

Common Stock

The delivery of 403,751 shares of our common stock classified as issued as of December 30, 2005 in the accompanying balance sheet was deferred by employees entitled to receive these shares in connection with the vesting of restricted stock units. The shares will be delivered to the employees at the expiration of the deferral period elected by the employees or upon their termination of employment.

Treasury Stock

On July 30, 2002, the Company announced that its Board of Directors approved the repurchase of up to $5.0 million of the Company's common stock. In 2003, 2004 and the second quarter of 2005, the Board of Directors approved the repurchase of an additional $25 million of the Company's common stock, thereby increasing the total program size to $30 million. Under the repurchase plans, the Company may buy back shares of its outstanding stock from time to time either on the open market or through privately negotiated transactions, subject to market conditions and trading restrictions. As of December 30, 2005 and December 31, 2004, the Company had repurchased 6,534,155 shares and 5,526,855 shares of its common stock at an average price of $3.39 and $3.29 per share, respectively. The Company holds repurchased shares of its common stock as treasury stock and accounts for treasury stock under the cost method.

11. Shareholders' Equity (continued)

Shareholder Rights Plan

On February 13, 2004, the Board of Directors of the Company adopted a Shareholder Rights Plan. Under the plan, a dividend of one preferred share purchase right (a "Right") was declared for each share of common stock of the Company that was outstanding on February 26, 2004. Each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series A Junior Preferred Stock at a purchase price of $32.50, subject to adjustment.

The Rights will trade automatically with the common stock and will not be exercisable until a person or group has become an "acquiring person" by acquiring 15% or more of the Company's outstanding common stock, or a person or group commences or publicly announces a tender offer that will result in such a person or group owning 15% or more of the Company's outstanding common stock. However, Liberty Wanger Asset Management, L.P. (now known as Columbia Wanger Asset Management, L.P.), together with its affiliates and associates will be permitted to acquire up to 20% of the common stock without making the rights exercisable. Upon announcement that any person or group has become an acquiring person, each Right will entitle all rightholders (other than the acquiring person) to purchase, for the exercise price of $32.50, a number of shares of the Company's common stock having a market value equal to twice the exercise price. Rightholders would also be entitled to purchase common stock of the acquiring person having a value of twice the exercise price if, after a person had become an acquiring person, the Company were to enter into certain mergers or other transactions. If any person becomes an acquiring person, the Board of Directors may, at its option and subject to certain limitations, exchange one share of common stock for each Right.

The Rights have certain anti-takeover effects, in that they would cause substantial dilution to a person or group that attempts to acquire a significant interest in the Company on terms not approved by the Board of Directors. In the event that the Board of Directors determines a transaction to be in the best interests of the Company and its stockholders, the Board of Directors may redeem the Rights for $0.001 per share at any time prior to a person or group becoming an acquiring person. The Rights will expire on February 13, 2014.

Equity Related Commitments

In the event of an IPO or sale of The Hackett Group, Inc. ("Hackett") and subject to meeting certain performance criteria, certain employees of Hackett may elect to convert on a 1:1 to 3:1 basis, the in-the-money cash value of each of their Answerthink options or restricted stock units to an equivalent number of options or shares of Hackett common stock at the IPO price.

12. Benefit Plan

The Company maintains a 401(k) plan covering all eligible employees. Subject to certain dollar limits, eligible employees may contribute up to 15% of their pre-tax annual compensation to the plan. The Company may make discretionary contributions on an annual basis. During fiscal years 2005, 2004 and 2003, the Company made matching contributions of 25% of employee contributions up to 4% of their gross salaries. The Company's matching contributions were $315,000, $289,000 and $169,000 for the years ended December 30, 2005, December 31, 2004 and January 2, 2004, respectively.

13. Restructuring Costs

The Company recorded restructuring costs of $10.9 million and $5.6 million in fiscal years 2002 and 2001, respectively, for reductions in consultants and functional support personnel and for closure and consolidation of facilities and related exit costs. These actions were taken as a result of the continued decline in demand for technology services throughout 2001 and 2002. The Company took steps to reduce its costs to better align its overall cost structure and organization with anticipated demand for its services.

13. Restructuring Costs (continued)

In 2004 and 2003, the Company recorded restructuring costs of $3.7 million and $4.9 million, respectively, to increase existing reserves to account for potentially higher estimated losses on the sublease of facilities as a result of lower than expected sublease rates and longer than expected time estimates to sublease excess facilities. The 2004 and 2003 restructuring costs consisted of additions of $1.8 million and $3.1 million to the 2002 restructuring accrual and $1.9 million and $1.8 million to the 2001 restructuring accrual, respectively. Also in 2004, the 2002 restructuring accrual was reduced by $370 thousand relating to the final settlement of a lease obligation which was recorded as income from discontinued operations in the accompanying consolidated statement of operations for year ended December 31, 2004.

In 2005, the Company recorded restructuring costs of $2.9 million which related to $1.1 million for the consolidation of additional facilities and related exit costs not included in previously established reserves and $1.8 million for increases in previously established reserves in 2002 and 2001 for the closure and consolidation of facilities, of which $1.1 million is specifically related to the increase of previously established reserves in order to reflect the negotiated buyout of our New York City lease obligation. As a result of the buyout, the Company was fully released from $20 million of future lease obligations, assigned two subleases to the lessor, wrote-off $1.4 million receivable from the lessor, and paid $3.1 million in cash to the lessor. The remaining $700 thousand related to increases in the reserves to account for higher estimated losses on the sublease of facilities as a result of lower than expected sublease rates and longer than expected times estimates to sublease facilities based on current market conditions. The 2005 restructuring costs of $1.8 million related to previously established reserves consisted of additions of $1.2 million and $600 thousand to the 2002 and 2001 restructuring accruals, respectively.

The following table sets forth the detail and activity in the restructuring expense accruals during the years ended December 30, 2005, December 31, 2004 and January 2, 2004 (in thousands):

2001 Restructuring Accrual

	Severance and other employee costs	Closure and consolidation of facilities and related exit costs	Total
Accrual balance at December 29, 2000	$ —	$ —	$ —
Additions to accrual from continuing operations	3,694	6,141	9,835
Additions to accrual from discontinued operations	559	2,311	2,870
2004 asset write-offs	—	(1,205)	(1,205)
Expenditures:			
2001	(3,186)	(248)	(3,434)
2002	(1,067)	(1,965)	(3,032)
2003	—	(933)	(933)
2004	—	(839)	(839)
2005	—	(645)	(645)
Accrual balance at December 30, 2005	$ —	$ 2,617	$ 2,617

2002 Restructuring Accrual

	Severance and other employee costs	Closure and consolidation of facilities and related exit costs	Total
Accrual balance at December 28, 2001	$ —	$ —	$ —
Additions to accrual from continuing operations	1,528	15,217	16,745
Additions to accrual from discontinued operations	616	2,747	3,363
2002 asset write-offs	—	(5,217)	(5,217)
2005 write-off of lessor receivables	—	(1,374)	(1,374)
Expenditures:			
2002	(855)	(584)	(1,439)
2003	(1,289)	(2,198)	(3,487)
2004	—	(3,362)	(3,362)
2005	—	(4,078)	(4,078)
Accrual balance at December 30, 2005	$ —	$ 1,151	$ 1,151

13. Restructuring Costs (continued)

2005 Restructuring Accrual

	Severance and other employee costs	Closure and consolidation of facilities and related exit costs	Total
Accrual balance at December 31, 2004	$ —	$ —	$ —
Additions to accrual from continuing operations	407	694	1,101
Expenditures:			
2005	(35)	—	(35)
Accrual balance at December 30, 2005	$ 372	$ 694	$ 1,066

14. Discontinued Operations

As a result of a decline in the demand for interactive marketing services, during 2002, the Company discontinued the interactive marketing business which was acquired in the merger with THINK New Ideas in 1999. In accordance with Financial Accounting Standards Board Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the results of the interactive marketing business have been reported as discontinued operations in the consolidated statements of operations and results for prior periods have been restated.

The following table sets forth revenues, pre-tax income (loss), income tax benefit and income (loss) from discontinued operations for the years ended December 30, 2005, December 31, 2004 and January 2, 2004 (in thousands):

	December 30, 2005	December 31, 2004	January 2, 2004
Revenues	$ —	$ —	$ —
Pre-tax income from discontinued operations	$ —	$ 370	$ —
Income taxes	$ —	$ —	$ —
Income from discontinued operations	$ —	$ 370	$ —

During 2004, the Company reduced the restructuring accrual by $370 thousand relating to the final settlement of a lease obligation resulting in income from discontinued operations.

15. Litigation

The Company is involved in legal proceedings, claims, and litigation arising in the ordinary course of business not specifically discussed herein. In the opinion of management, the final disposition of such matters will not have a material adverse effect on the Company's financial position, cash flows or results of operations.

16. Geographic and Service Group Information

Revenues are attributed to geographic areas as follows (in thousands):

	Year Ended		
	December 30, 2005	December 31, 2004	January 2, 2004
Total Revenues			
Domestic	$ 152,421	$ 133,916	$ 128,085
Foreign	10,897	9,631	4,302
Total	$ 163,318	$ 143,547	$ 132,387

16. Geographic and Service Group Information (continued)

Long-lived assets are attributed to geographic areas as follows (in thousands):

	December 30, 2005	December 31, 2004	January 2, 2004
Long-Lived Assets			
Domestic	$ 43,112	$ 44,374	$ 38,551
Foreign	31,306	225	94
Total	$ 74,418	$ 44,599	$ 38,645

In 2005, foreign assets included $30.9 million of goodwill and intangible assets related to REL, a UK based company.

The Company's revenue is derived from the following service groups (in thousands):

	Year Ended		
	December 30, 2005	December 31, 2004	January 2, 2004
The Hackett Group			
Benchmarking and Membership Advisory Programs	$ 27,802	$ 22,093	$ 12,667
Business Transformation	42,309	30,861	22,159
Best Practices Solutions			
Business Applications	54,888	58,601	64,205
Business Intelligence	38,319	31,992	33,356
Total Revenues	$ 163,318	$ 143,547	$ 132,387

17. Related Party Transactions

During 2002, the Company and HCL Technologies Limited, an Indian information technology services and product engineering firm, formed HCL-Answerthink, Inc. to provide offshore custom application development and support services. The Company has a non-controlling equity interest of 50% in this joint venture. For the year ended December 30, 2005, December 31, 2004 and January 2, 2004, the Company's net equity income (loss) from the joint venture was ($36,000), $32,000 and $30,000, respectively. During 2004 and 2003, the Company sold services of $22,000 and $232,000 respectively, to the joint venture. The Company also incurred costs of $27,000 and $194,000 for consulting services provided by the joint venture to Answerthink in 2004 and 2003, respectively. In addition, the Company reduced general and administrative expenses by $11,000 and $14,000 for administrative services billed to the joint venture during 2005 and 2003, respectively. At December 30, 2005 and December 31, 2004, the Company had receivables of $11,000, and $1,000 respectively, due from the joint venture. At December 30, 2005, the Company had payables due to the joint venture of $47,000.

18. Quarterly Financial Information (unaudited)

The following table presents unaudited supplemental quarterly financial information for the years ended December 30, 2005 and December 31, 2004 (in thousands, except per share data):

	Quarter Ended			
	April 1, 2005	July 1, 2005	September 30, 2005	December 30, 2005
Total revenues	$ 36,872	$ 41,700	$ 40,005	$ 44,741
Income (loss) from operations	(1,783)	1,024	1,947	(642)
Income (loss) before income taxes	(1,544)	1,329	2,281	(431)
Net income (loss)	$ (1,430)	$ 1,234	$ 2,107	$ (270)
Basic and diluted net income (loss) per common share	$ (0.03)	$ 0.03	$ 0.05	$ (0.01)

	Quarter Ended			
	April 2, 2004	July 2, 2004	October 1, 2004	December 31, 2004
Total revenues	$ 35,089	$ 37,649	$ 37,131	$ 33,678
Income (loss) from operations	820	(1,871)	806	(751)
Income (loss) before income taxes and income from discontinued operations	1,010	(1,675)	950	(479)
Income (loss) from continuing operations	967	(1,579)	824	(730)
Income from discontinued operations	—	370	—	—
Net income (loss)	$ 967	$ (1,209)	$ 824	$ (730)
Basic and diluted income (loss) per common share				
Income (loss) from continuing operations	$ 0.02	$ (0.04)	$ 0.02	$ (0.02)
Income from discontinued operations	$ —	$ 0.01	$ —	$
Net income (loss)	$ 0.02	$ (0.03)	$ 0.02	$ (0.02)

Quarterly basic and diluted net income or loss per common share were computed independently for each quarter and do not necessarily total to the year to date basic and diluted net income (loss) per common share.

ANSWERTHINK, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

YEARS ENDED DECEMBER 30, 2005, DECEMBER 31, 2004 AND JANUARY 2, 2004

(in thousands)

Allowance for Doubtful Accounts	Balance at Beginning of Year	Charge to Expense	Write-offs	Balance at Ending of Year
Year Ended December 30, 2005	$ 2,109	$ 797	$ (1,140)	$ 1,766
Year Ended December 31, 2004	$ 1,757	$ 1,060	$ (708)	$ 2,109
Year Ended January 2, 2004	$ 3,526	$ (235)	$ (1,534)	$ 1,757

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

On August 26, 2005, Answerthink, Inc. dismissed its then current independent registered certified public accounting firm, PricewaterhouseCoopers LLP ("PwC"). On August 31, 2005, the Company engaged BDO Seidman, LLP ("BDO") as the Company's independent registered certified public accounting firm to audit the Company's financial statements for its fiscal year ending December 30, 2005. The dismissal of PwC and the engagement of BDO were approved by the Audit Committee of the Board of Directors of the Company.

The reports of PwC on the consolidated financial statements of the Company for the fiscal years ended December 31, 2004 and January 2, 2004 did not contain any adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principle. During the fiscal years ended December 31, 2004 and January 2, 2004 and through August 26, 2005, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to PwC's satisfaction, would have caused PwC to make reference thereto in connection with its reports on the financial statements of the Company for such years; and for the same periods there were no reportable events as described in Item 304 (a)(1)(v) of Regulation S-K.

Prior to the Company's engagement of BDO, the Company did not consult with BDO regarding: (i) the application of accounting principles to a specified transaction, either completed or proposed, (ii) the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report was provided to the Company nor oral advice was provided that BDO concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (iii) any other matters or reportable events described in Item 304(a)(2)(ii) of Regulation S-K.

ITEM 9A. CONTROL AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

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 Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission, excluding the internal control over financial reporting of REL Consultancy Group Limited, which was acquired on November 29, 2005, and whose financial statements reflect total assets and total revenues constituting 29.1% and 1.5%, respectively, of related consolidated financial statement amounts as of and for the year ended December 30, 2005. Based on our evaluation under the framework in "Internal Control – Integrated Framework," our management concluded that our internal control over financial reporting was effective as of the end of the period covered by this annual report.

Our management's assessment of the effectiveness of our internal control over financial reporting as of the end of the period covered by this annual report, has been audited by BDO Seidman, LLP, an independent registered certified public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Certified Public Accounting Firm on Internal Control over Financial Reporting

Board of Directors and Shareholders
Answerthink, Inc.
Miami, Florida

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Answerthink, Inc. maintained effective internal control over financial reporting as of December 30, 2005, based on criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Answerthink, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of REL Consultancy Group Limited ("REL"), which is included in the 2005 consolidated financial statements of Answerthink, Inc. and constituted approximately 29.1% of consolidated total assets and 1.5% of consolidated total revenues as of and for the year December 30, 2005. Management did not assess the effectiveness of internal control over financial reporting at REL because the Company acquired this entity during 2005. Refer to Note 2 to the consolidated financial statements for further discussion of this acquisition and its impact on the Company's consolidated financial statements. Our audit of internal control over financial reporting of Answerthink, Inc. also did not include an evaluation of the internal control over financial reporting of REL.

In our opinion, management's assessment that Answerthink, Inc. maintained effective internal control over financial reporting as of December 30, 2005, is fairly stated, in all material respects, based on the criteria established in "Internal Control – Integrated Framework" issued by COSO. Also in our opinion, Answerthink, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 30, 2005, based on the criteria established in "Internal Controls – Integrated Framework" issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Answerthink, Inc. as of December 30, 2005, and the related consolidated statements of operations, shareholders' equity and comprehensive income (loss) and cash flows for the year ended December 30, 2005 and our report dated March 14, 2006 expressed an unqualified opinion.

/s/BDO Seidman, LLP
Miami, Florida
March 14, 2006

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2006 proxy statement for the 2006 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2006 proxy statement for the 2006 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2006 proxy statement for the 2006 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information responsive to this Item is incorporated herein by reference to the Company's definitive 2006 proxy statement for the 2006 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information appearing under the caption "Fees Paid to Independent Accountants" in the 2006 Proxy Statement is hereby incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form:

1. Financial Statements

The Consolidated Financial Statements filed as part of this report are listed and indexed on page 26. Schedules other than those listed in the index have been omitted because they are not applicable or the required information has been included elsewhere in this report.

2. Financial Statement Schedules

Schedule II -- Valuation and Qualifying Accounts and Reserves are included in this report. Schedules other than those listed in the index have been omitted because they are inapplicable or the information required to be set forth therein is contained, or incorporated by reference, in the Consolidated Financial Statements of Answerthink or notes thereto.

3. Exhibits: See Index to Exhibits on page 57

The Exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this report.

SIGNATURES

Pursuant to the requirements of 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 Miami, State of Florida, on the 16th day of March, 2006.

ANSWERTHINK, INC.

By: /s/Ted A. Fernandez
Ted A. Fernandez
Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1934, this Form 10-K has been signed by the following persons in the capacities and on the date indicated.

Signatures	Title	Date
/s/ Ted A. Fernandez Ted A. Fernandez	Chief Executive Officer and Chairman (Principal Executive Officer)	March 16, 2006
/s/ Grant M. Fitzwilliam Grant M. Fitzwilliam	Executive Vice President, Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	March 16, 2006
/s/ Allan R. Frank Allan R. Frank	President and Director	March 16, 2006
/s/ David N. Dungan David N. Dungan	Chief Operating Officer and Director	March 16, 2006
/s/ Richard Hamlin Richard Hamlin	Director	March 16, 2006
/s/ John R. Harris John R. Harris	Director	March 16, 2006
/s/ Edwin A. Huston Edwin A. Huston	Director	March 16, 2006
/s/ Alan T. G. Wix Alan T. G. Wix	Director	March 16, 2006

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description
3.1++++	Second Amended and Restated Articles of Incorporation of the Registrant, as amended
3.2++++	Amended and Restated Bylaws of the Registrant, as amended
9.1+	Shareholders Agreement dated April 23, 1997 among the Registrant, GTCR V, MG, the Miller Group, Messrs. Fernandez, Frank, Knotts and Miller and certain other shareholders of the Registrant parties thereto
9.2+	Amendment No. 1 to Shareholders Agreement dated February 24, 1998
9.3+	Letter Agreement dated as of March 15, 1998 to amend Shareholders Agreement
9.4+	Form of Restricted Securities Agreement dated April 23, 1997 among the Initial Investors and each of Messrs. Fernandez, Frank, Knotts and Miller
10.1+	Purchase Agreement dated April 23, 1997 among the Registrant, GTCR V, MG, Gator and Tara
10.2+	Series A Preferred Stock Purchase Agreement dated February 24, 1998 among the Registrant, GTCR V, GTCR Associates and Miller Capital
10.3+	Stock Purchase Agreement dated March 5, 1998 between the Registrant and FSC
10.4+	Second Amended and Restated Registration Rights Agreement dated as of May 5, 1998 among the Registrant, GTCR V, MG, GTCR Associates, Miller Capital, FSC, Messrs. Fernandez, Frank, Knotts and Miller and certain other shareholders of the Registrant named therein
10.5+	Second Amended and Restated Registration Rights Agreement dated as of May 5, 1998 among the Registrant and the eight former shareholders of RTI
10.6*+	Registrant's 1998 Stock Option and Incentive Plan
10.7*+++++	Amendment to Registrant's 1998 Stock Option and Incentive Plan
10.8*+	Form of Senior Management Agreement dated April 23, 1997 between the Registrant and each of Messrs. Fernandez, Frank and Knotts
10.9*++++	Senior Management Agreement dated July 11, 1997 between Registrant and Mr. Dungan
10.10*+++++	Form of Employment Agreement entered into between the Registrant and Mr. Dungan
10.11*+	Form of Employment Agreement entered into between the Registrant and each of Messrs. Fernandez, Frank and Knotts
10.12+	Amendment No. 2 dated as of May 5, 1998 to Purchase Agreement dated April 23, 1997 among the Registrant, GTCR V, MG, Gator and Tara
10.13+	Amendment No. 2 dated as of May 5, 1998 to Stock Purchase Agreement dated March 5, 1998 between the Registrant and FSC
10.14*+	Amendment to Certain Senior Management Agreements dated March 27, 1998 among the Company, the Board of Directors and each of Messrs. Fernandez, Frank, Knotts and Dungan
10.15*+	Second Amendment to Certain Senior Management Agreements dated May 26, 1998 among the Company, the Board of Directors and each of Messrs. Fernandez, Frank, Knotts and Dungan
10.16*++	AnswerThink Consulting Group, Inc. Employee Stock Purchase Plan
10.17*+++++	Amendment to Registrant's Employee Stock Purchase Plan dated February 16, 2001
10.18*+++	Employment Agreement dated March 23, 1999 between the Registrant and Mr. Brennan
10.19*+++	Restricted Stock Agreement dated July 31, 1997 between the Registrant and Mr. Brennan
10.20*+++	Amendment to Restricted Stock Agreement dated March 27, 1998 between the Registrant and Mr. Brennan
10.21*+++	Form of Senior Management Agreement dated July 31, 1997 between the Registrant and Mr. Brennan
10.22++++++	Securities Purchase Agreement by and among THINK New Ideas, Inc., Capital Ventures International and Marshall Capital Management, Inc.
10.23+++++	Registration Rights Agreement dated as of March 3, 1999 by and among THINK New Ideas, Inc., Capital Ventures International and Marshall Capital Management, Inc.
10.24++++++	Joint Marketing and Alliance Agreement, dated October 7, 2003, by and among Answerthink, Inc., The Hackett Group, Inc. and Accenture, L.L.P.
10.25+++++++	Amendment to Executive Agreement between Answerthink, Inc. and Ted A. Fernandez
10.26+++++++	Amendment to Executive Agreement between Answerthink, Inc. and David N. Dungan
10.27+++++++	Amendment to Executive Agreement between Answerthink, Inc. and Allan R. Frank
10.28+++++++	Amendment to Executive Agreement between Answerthink, Inc. and John F. Brennan
10.29++++++++	Lawson Software & The Hackett Group Advisory Alliance Agreement dated May 9, 2005

10.30*++++++++++	Amendment dated June 10th, 2005 to Executive Agreement between Answerthink, Inc. and Ted A. Fernandez
10.31*+++++++++++	Employment Agreement dated November 9, 2005 between the Registrant and Grant M. Fitzwilliam
10.32^	Amendment Number 2 to the Answerthink, Inc. Employee Stock Purchase Plan (as amended on February 16, 2001).
10.33++++++++++++	Share Purchase Agreement dated November 29, 2005 between The Hackett Group Limited, Answerthink, Inc. and the Sellers of REL Consultancy Group Limited
21.1^	Subsidiaries of the Registrant
23.1^	Consent of BDO Seidman, LLP
23.2^	Consent of PricewaterhouseCoopers LLP
31.1^	Certification by CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2^	Certification by CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32^	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*	Management agreement or compensatory plan or arrangement
^	Exhibits filed herewith.
+	Incorporated herein by reference to the Company's Registration Statement on Form S-1 (333-48123).
++	Incorporated herein by reference to the Company's Registration Statement on Form S-8 (333-69951).
+++	Incorporated herein by reference to the Company's Form 10-K for the year ended January 1, 1999.
++++	Incorporated herein by reference to the Company's Form 10-K for the year ended December 29, 2000.
+++++	Incorporated herein by reference to the Company's Form 10-K for the year ended December 28, 2001.
++++++	Incorporated herein by reference to THINK New Ideas, Inc.'s Form 8-K dated March 12, 1999.
+++++++	Incorporated herein by reference to the Company's Form 8-K dated October 14, 2003.
++++++++	Incorporated herein by reference to the Company's Form 10-Q dated November 10, 2004.
+++++++++	Incorporated herein by reference to the Company's Form 8-K dated May 13, 2005.
++++++++++	Incorporated herein by reference to the Company's Form 8-K dated June 16, 2005.
+++++++++++	Incorporated herein by reference to the Company's Form 10-Q dated November 9, 2005.
++++++++++++	Incorporated herein by reference to the Company's Form 8-K dated December 1, 2005.

Answerthink

Enabling World-Class Performance

Corporate Headquarters

Answerthink, Inc.
1001 Brickell Bay Drive
Suite 3000
Miami, FL 33131

Telephone: 305-375-8005
Facsimile: 305-379-8810
www.answerthink.com

Annual Meeting

Answerthink shareholders are invited to attend our annual meeting on Wednesday, May 10, 2006 at 11:00 am at:
JW Marriott Hotel Miami
1109 Brickell Avenue
Miami, FL 33131

Transfer Agent

Computershare Trust Company, N.A.
Providence, RI
781-575-2879

Independent Auditors

BDO Seidman, LLP
Miami, FL

Board of Directors

Ted A. Fernandez
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1001 Brickell Bay Drive
Suite 3000
Miami, FL 33131
www.answerthink.com

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