Korn Ferry
First Quarter Fiscal Year 2027 Earnings Release
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Presenters
Gary Burnison - President, CEO & Executive Director
Bob Rozek - Executive VP, CFO & Chief Corporate Officer

Q&A Participants
Tyler [sp] – Truist
Melissa McMahon – William Blair
George Tong – Goldman Sachs
Mark Marcon – Baird
Brianna Kamdoum – UBS

Operator
Ladies and gentlemen, thank you for standing by, and welcome to the Korn Ferry first quarter of fiscal year 2027 conference call. At this time, all participants are in a listen-only mode. Following the prepared remarks, we will conduct a question and answer session. As a reminder, this conference call is being recorded for replay purposes. We have also made available in the investor relations section of our website at kornferry.com a copy of the financial presentation that we will be reviewing with you today.

Before I turn the call over to your host, Mr. Gary Burnison, let me first read a cautionary statement to investors. Certain statements made in the call today, such as those relating to future performance, plans, and goals, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, investors are cautioned not to place undue reliance on such statements. Actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties which are beyond the company's control. Additional information concerning such risks and uncertainties can be found in the release relating to this presentation and in the periodic and other reports filed by the company with the SEC, including the company's annual report for fiscal year 2026 and in the company's soon-to-be-filed quarterly report for the quarter ended July 31, 2026. Also, some of the comments today may reference non-GAAP financial measures such as constant currency amounts, EBITDA, and adjusted EBITDA.

Additional information concerning these measures, including reconciliations to the most directly comparable GAAP financial measures, is contained in the financial presentation and earnings release relating to this call, both of which are posted in the investor relations section of the company's website at www.kornferry.com.

With that, I will turn the call over to Mr. Burnison. Please go ahead, Mr. Burnison.

Gary Burnison
Thanks, Regina, and thank you, everybody, for joining us. I'm going to have the team walk through the numbers, but first, I'd just comment that our performance was absolutely outstanding. All regions are up, and it marks our sixth consecutive quarter of top-line growth, which underscores the strength of our strategy. And we remain focused on executing with discipline, investing in opportunities that'll drive sustainable impact, and create lasting value for our shareholders, all of which reflects the confidence we have in our strategic direction and long-term outlook.

As I reflected during our previous quarterly call, I used to talk about opportunities measured in the hundreds of millions of dollars. Today, I think in terms of opportunities measured in the billions. And last week, we took another significant step in that direction with the completion of our combination with AMS.

This brings together two iconic brands and creates a global leader in talent and organizational consulting. AMS is a world-class firm that propels our We Are Korn Ferry strategy to be the world's conductor of talent and organizational orchestration. We now offer one of the most comprehensive organizational talent solution portfolios in the world. The combined firm has nearly 17,000 colleagues in more than 130 offices, complementary strengths and more expansive industry coverage, all united in a shared commitment to accelerate our clients' success.

Together with AMS, we have profound operational capability, delivering technology-enabled talent solutions at scale, supported by long-term contracted client relationships. We've deeply -- deepened our client-centric approach as we expand the breadth of our solutions with every relationship. And here are just a couple examples. At a global energy company, we're supporting their strategic and talent transformation, impacting 60,000 roles across 200 business units. Or a global consumer products company with more than 100,000 employees turned to us for worldwide delivery of org design, analytics, and workforce planning.

And at the heart of how we serve our largest clients is Talent Suite, powering our work and enabling better people decisions at scale. In fact, more than 90% of our Marquee and Diamond accounts have an active Talent Suite subscription today.

I couldn't be more excited about the evolution and the trajectory of our firm. Today's Korn Ferry has a unique ability to serve our clients across the entire talent spectrum. Search is about identifying talent, Workforce Solutions is scaling that talent, and Talent and Organizational Solutions is unlocking their potential. There's no question that technology will continue to play a significant role in the future, bridging the imbalance of supply and demand of labor, but it's not technology alone. People are the catalyst for organizational success. Human beings, not human doings. It's a belief that defines who we are, and that's why Korn Ferry is in the people business.

With that, Bob, I'll turn it over to you.

Bob Rozek
Great. Thanks, Gary, and good afternoon or good morning, everyone. Our financial performance continues to steadily improve and outpace the broader industry. In the first quarter of FY '27, our fee revenue grew for the sixth consecutive quarter with strong earnings growth and steady profitability. Our improving performance in this ever-changing business environment really continues to underscore both the effectiveness of our strategy, the hard work and talent of our colleagues, and our operational excellence.

Before reviewing the quarter in detail, and as we announced on our fourth quarter earnings call for fiscal year '26, we are now reporting our financial results of the company in three geographic segments - the Americas, EMEA, and APAC. This new reporting structure aligns with our We Are Korn Ferry go-to-market initiatives, and actually with how our clients engage with us.

To assist with the transition from a global solution focus to regional geographies, the slides posted in our investor presentation include three new solution groupings within each geographic region. The three new solution groupings are Search, which is the old executive search and professional search, Talent & Organizational Solutions, which is comprised of consulting and digital, and then Workforce Solutions, which is comprised of RPO and interim.

Now turning to our first quarter performance highlights, estimated remaining fees under existing contracts grew 14% year-over-year to $1.92 billion, led by global new business growth in Workforce Solutions. Our internal business referral rate increased to 29.4% of consolidated fee revenue. It's up by about 300 basis points year-over-year, and our Marquee and Diamond accounts remain steady at about 40% of consolidated fee revenue.

Now both of these metrics really demonstrate the fee revenue synergies we're creating with our We Are Korn Ferry go-to-market activities. Our consolidated new business grew 12% year-over-year, and fee revenue grew in all regions and all industry groups. Fee earner productivity, which we measure as new business per average fee earners annualized, grew year-over-year in all regions.

Now I'll talk a little bit about the company results. Consolidated fee revenue grew 7% year-over-year to $756 million, again marking our sixth consecutive quarter of growth. Earnings and profitability also remained strong. Adjusted EBITDA grew $8 million or 7% year-over-year to $128 million. Adjusted EBITDA margin was flat year-over-year at 17%, and adjusted diluted earnings per share grew $0.12 or 9% year-over-year to $1.43.

As previously mentioned, our estimated remaining fees under existing contracts were $1.92 billion at the end of the quarter, and we estimate about 56% or $1.1 billion will be recognized within the next four quarters, and the remaining 44% or $835 million will be recognized beyond the next year.

Turning to our regional results, fee revenue in the Americas grew 9% year-over-year to $442 million, led by growth in search and workforce solutions. EMEA fee revenue continued to strengthen, growing 4% year-over-year to $228 million. Growth was broad-based with strength in all solution groups. In APAC, fee revenue inflected to growth in the first quarter, reaching $87 million, up 1% year-over-year, led by search. Finally, we continued to maintain a disciplined, balanced approach to capital allocation over the quarter.

During the quarter, we paid $30 million of dividends and invested $15 million in capital expenditures. In the future, we will be inclined to use investable cash for the reduction of debt associated with the acquisition of AMS. However, we will also closely monitor our share price and use capital for that if we find that more attractive

Turning to our outlook for the second quarter of fiscal '27, assuming no further changes in worldwide geopolitical conditions, economic conditions, financial markets, and foreign exchange rates, and including the addition of AMS -- now it is only for two months, September and October -- our second quarter fee revenue is expected to range from $860 million to $878 million. Our adjusted EBITDA margin is expected to range from 16.8% to 17.2%, and adjusted diluted earnings per share are expected to range from $1.30 to $1.40 per share.

We have a page in the investor deck and provide some guidance assumptions, and you'll find adjusted diluted earnings per share includes the net after-tax impact of the two months of incremental intangible asset amortization, incremental interest -- net interest expense, and incremental shares issued in connection with the acquisition of AMS.

In closing, we remain focused on executing our We Are Korn Ferry go-to-market initiatives, which are driving deeper, more durable client relationships. Additionally, with the recent addition of AMS to the Korn Ferry family, we will strengthen our position in RPO and interim while broadening our capabilities into contingent workforce solutions and early career and campus recruiting. AMS has a substantial backlog of multi-year contracts and long-tenured client relationships. Going forward, it is our goal to deepen the value of those client relationships, introducing clients to all that Korn Ferry offers. Together with AMS, we are a much stronger company with greater capabilities to drive client business performance through their most precious asset, which is their people.

With that, we would be glad to answer any questions you may have.

Operator

We will now begin the question and answer session. To ask a question, press star, then the number one on your telephone keypad.

Our first question will come from the line of Tobey Sommer with Truist. Please go ahead.

Tyler
Good afternoon. This is Tyler [inaudible] for Tobey. I just wanted to start with the new reporting structure. Can you maybe give us how we should think about growth rates in each of these segments going forward?

Gary Burnison
Well, when you look at the firm as a whole -- that's what I tend to look at, and this was precipitated -- we made this decision several quarters ago that we had to change how we were facing off with clients. I mean, what we wanted was not an isolated solution-by-solution approach, but rather a holistic face off with our clients as We Are Korn Ferry. And so that's been a very systematic effort that has been driven top-down and bottom-up, top-down through our Marquee and Diamond accounts and then bottom-up every single day through what we're doing in terms of looking at new engagements that are open.

So I look at the firm overall over the last 10 years, 20 years, and you'd find a growth rate that is probably going to be around 10%, 11%, 12%, something like that. Up until this latest investment that we've made, we looked at that growth rate and we said 60% was organic, 40% was inorganic. Obviously, with the combination of AMS, that changes those calculations, and it's more like 50/50.

So I first look at the overall firm's growth rate historically, and when I look at the demographic trends and what is happening in the world, there's no reason to believe, I don't certainly see any reason that that kind of growth rate that we've experienced in the past, we wouldn't continue to experience. Now, clearly, from quarter to quarter, there's going to be regional differences. And APAC going back now several quarters has been impacted by the socioeconomic changes that have been happening, particularly, for example, in China. So that region has been impacted pretty severely by that falloff since the pandemic.

EMEA, over the last several quarters, has actually been our best-performing region. More recently, over the last couple of quarters, you'll see that the Middle East has had a pretty big impact on the results there. And then Americas has been steady. So I tend to look at it from a geographic perspective, the total first, and then each geography. And what it really reflects is how we're trying to drive a client-centric approach. And then when you look at solutions, this last quarter, the Workforce Solutions group and Search, those were both outstanding - really outstanding growth rates, 10%, 11%. And looking at new business over the last several months, it continues to reflect that trend.

Tyler

Thank you. And in your executive search business, can you just talk about how AI is driving efficiencies and whether that's changing completion times or changing the margin structure of this business? Thank you.

Gary Burnison
It is. It's impacting the total firm. And it certainly has an impact on how we're completing searches. But the thing that we're very, very careful about there is the data that we have. We have significant proprietary data, comp data on 30 million people around the world, 30,000 companies. We've done 113 million executive assessments. We have upwards of 15,000 success profiles. We have pretty sensitive information on not just what people have done, but who they are. And so with respect to AI, particularly as it relates to the Search group, we've been very, very careful about how we use that. We're going to continue to be very cautious about that because of the nature of our data. So certainly, it has had an impact. Do I think it's going to continue to have an impact? Absolutely.

Tyler
Thank you--

Bob Rozek
--Hey, Tyler, this is Bob, maybe a little bit more granular, I don't -- I think what's happening is clients are expecting more from us in terms of candidate slates, and we're able to deliver more of it, but it has not materially impacted the timeline of a search. It's pretty consistent with what we've been seeing all along, and a lot of that's dependent on the client scheduling, making decisions, and so on. So while we're meeting their demands on additional information requests, the timeline has not changed.

Gary Burnison
And, Bob, that's an interesting point because what we're seeing from clients is -- and candidates is everybody seems to have a perfect resume. And so what -- the -- our firm has been built on IT and data, and it's not what somebody has done at the levels that we operate. It's who you are. And so the IP and the data that I was talking about are absolutely fundamental to how we are doing our search work as well as our talent and organizational development activities. So it's actually -- because of AI, it's actually increasing the demand for what we have given our -- the proprietary nature of the database, and ultimately, it's about who somebody is. That's just the truth.

Operator
Our next question will come from the line of Trevor Romeo with William Blair. Please go ahead.

Melissa McMahon
Hey, this is Melissa McMahon on for Trevor Romeo. Thank you guys so much for taking the questions. I guess I just have a couple on AMS to start. Congratulations on closing that one, too. How can we think about the cadence of synergy realization? Like I guess how much of the $40

million do we think can be achieved immediately after close versus how much is back-end loaded?

Gary Burnison
Well, what we said when we announced the investment was that we would get to $140 million of run rate EBITDA within a year of the date of the announcement -- the date of close actually is what we said. And so I look at that $40 million, and first of all, when you look at our track record, which is critically important here, we have an enormous track record of gearing the top line of a company that we make an investment in. That's demonstrated. It's proven. And we also have a track record of tapping the economies of scale that come with platforms such as Korn Ferry. And so I'm absolutely 200% confident that we are going to achieve that level of incremental EBITDA and more because I think that the revenue opportunity here and the growth opportunity for us is enormous.

In terms of the exact timing, what we have said, as I indicated, is that incremental $40 million you would see by a year from closing, which would have been last week. We're going to achieve that much faster than that.

Melissa McMahon
Great. And then maybe just to follow up on that, I guess how can we think about the role that seasonality plays for AMS? I know early careers and campus recruiting might have a school year angle. Just wondering if there's anything else.

Gary Burnison
Yeah, it does. And also -- it’s going to follow the typical kind of calendarization of holidays. And so that's -- you're absolutely correct, generally speaking. And, Bob, I don't know if you want to provide any more precision around that.

Bob Rozek
Yeah. Melissa, what I would do is I would just follow the traditional Korn Ferry seasonality. Their business is pretty similar to ours, where we always have our low water mark in Q3, where you got Thanksgiving in the U.S. and then the year-end holidays. We give our people a week off. Clients give their folks one week or two weeks off. So just not as many hours in that quarter. So you'll see the same sort of pattern, if you will, that you experience with Korn Ferry.

Melissa McMahon
Got it. That's what we figured. Thank you guys so much.

Operator
Our next question will come from the line of George Tong with Goldman Sachs. Please go ahead.

George Tong

Hi, thanks. Good morning. You saw 12% new business growth in the quarter. Can you unpack that a little bit and talk about how much of that growth came from RPO or more lumpy wins versus recurring revenue wins?

Gary Burnison
Well, I would say the RPO is actually recurring wins. When you look at the new business, clearly over the last several months, given what's happened in the Middle East, and the demographic factors that we've talked about on previous calls, Search and Workforce Solutions have been absolutely the stronger performers. And what's been really nice to see and supported our thesis when we made this decision is all the investments that we've made in Workforce Solutions. And whether that's interim or RPO, that's really paying dividends. And in this quarter, the RPO new wins were something like $160 million, and 50% of those were from new logos. So you're going to see -- you're definitely going to see lumpiness around the, for example, the outsourcing wins.

But that's one of the reasons why we entered into this investment with AMS, because what you have there is, you have recurring loyal client relationships of scale. And their client relationships there -- just take their top 10 -- the average tenure of those client relationships is 14 years. So, two-thirds of their business is in the RPO area. And I look at that as incredibly sticky and recurring. And when you look at the combined backlog now, this firm has absolutely made an enormous transformation over the last decade, and even two decades, where now you're looking at a firm that looks completely different than the Korn Ferry where I started. And today, we've got a backlog of $3.5 billion now with AMS.

So, yeah, the Workforce Solutions is an integral part, and we've certainly seen a lift in new business, including, like I said, including in the interim area, which has had a significant lift. And I think that's all -- that above-market growth has been driven by the We Are Korn Ferry strategy. And look at the cross referrals this quarter, we're almost 30%, which is really, really good to see.

Bob Rozek
Gary, maybe just -- because I think the backlog commentary is really important for folks to understand. So if you look at our backlog, George, we were at the end of the quarter about $1.9 billion, and 60% of that or roughly 60% comes out within the next year, and then after that, you probably have another year and a half for the remainder. What AMS brings is not only a very large backlog, but it's also -- given the strength and tenure of the customer relationships that Gary talked about, they're about 40% within the first year, 60% comes out over the next four years. So it gives us much more durability and visibility and resilience going forward.

George Tong
Got it. That's helpful. And then you're expecting AMS EBITDA to go from $100 million to $140 million within a year. Can you break out how much of the increase is going to come from revenue versus cost synergies?

Gary Burnison

Well, our focus is absolutely on revenue, and we've already -- we've hit the ground running. We've had big teams together now over the last weeks and since we've closed, and there's obviously a little bit of pre-integration planning where we've mapped top 100 customers, put teams against them. There's actually meetings happening this week with clients. I mean, we are absolutely all over that. It's certainly going to change the nature of our Marquee and Diamond portfolio. That undoubtedly will go up. As you know, it's incredibly complementary given AMS' industry and geographic footprint with Korn Ferry. And so I look at not only the RPO solution, but I look at contingent workforce solutions, and early careers, and technology consulting, and integration, as well as reskilling. I look at all five solutions, if you will, very, very positively.

And the contingent workforce solutions I think could be something that is definitely, definitely multi-hundred million and could be multi-billion dollars given the amount of money the companies spend on the temporary side. And the offering is really cool where we will now go in, and we can consolidate vendors and save a company 600, 700, 800 basis, 900 basis points on their spend. I mean, this is material savings. And the contingent workforce solutions, we're going to take that given the relationships we have around the world. And it's the same with early careers, with the early careers and the campus hiring that they do, and just the Marquee logos; their client logos are so impressive. And like I said, I mean, everybody's got a perfect resume, and understanding who somebody is incredibly important to that hiring decision.

And then on the technology consulting side, they bring skills that we need, particularly around integrating Talent Suite with CRM and HR platforms. So I look at all of those and say, wow, over the next three to five years, you're going to see incredible lift, I believe, given this iconic brand and bringing our organizations together. So we are absolutely off and running on the revenue side.

And on the economies of scale side, we have a track record. And we have a global platform that is highly scalable. And so we definitely are going to look at the economies of scale, and whether that's in vendor spend we're looking at that very, very closely. And I would just go back to our track record and say we do everything we say we're going to do and more. Will we hit that $40 million? We will absolutely hit that. Will we hit it before one year? We absolutely will.

George Tong
Very helpful. Thank you.

Operator
Our next question will come from the line of Mark Marcon with Baird. Please go ahead.

Mark Marcon
Hey, good afternoon, and thanks for taking my question. Gary, there's been a lot of mixed news with regards to the economy. You obviously had really good results during this last quarter. Just wondering like how much of your performance would you attribute to just kind of the general

macro versus what you guys are specifically doing? What is your sense of how the macro has evolved over the last three, four months and what the near-term outlook is?

Gary Burnison
Well, I think the question of raising rates, I mean, it's -- that's a real issue. And growth is very, very hard to come by for most companies if they're not building data centers or in the AI area. So I think it has been a challenging environment, and the Middle East has not made that any easier, and you see the impact on our EMEA results for sure. So has it worsened over the last three or four months? I would say no. But again, we've got the big question of increasing rates and more conflict in the Middle East that doesn't seem to end.

I guess on the other side, Mark, what I would point out is just the tremendous demographic opportunities because there is a supply-demand imbalance, and you know this better than anybody. I mean, the U.S. economy is only projected to produce like 5 million or 6 million jobs over the next decade compared to 25 million over the previous decade. So Baby Boomers are retiring, and the labor force just isn't going to grow. So the question then is how do you really find that talent that's not just have a good company, but a great company? And I think my earlier comments about AI are absolutely right. I mean, everybody does have a perfect resume, and I think our IP and our skill sets and our success profiles actually play an enormous role with that kind of backdrop.

Mark Marcon
That's terrific. And then with regards to AI and IP, how would you characterize the difference between the development of AI and making it easier to find people relative to what happened with LinkedIn when that first came along and how that ended up impacting your discussion with your clients and how it ended up impacting the discussion around pricing?

Gary Burnison
Yeah, with LinkedIn, it was around finding people. And that was the big question. And I think even back then, I said it's not a question of finding somebody, it's a question of finding out who they are. And I think with the AI, it's even more pronounced because what I am seeing, what I am hearing from clients is everybody's perfect and everybody has this stellar background. And so I actually think it's way different from the LinkedIn days. And if you look at our pricing overall on the entire platform, it's gone up. It's increased over time. And I think you could make the argument that the same thing could happen here because this one is -- it's not because it is recent; I just think this is way more profound than the LinkedIn days 15, 20 years ago.

Mark Marcon
Right. And then last one from me, just with regards to AMS, I mean, your RPO group has competed against Alexander Mann/AMS for more than a decade now. How are the groups getting along together, and what was AMS's trajectory on a month-by-month basis kind of going into the close of this?

Gary Burnison
It's the same as what we had forecasted. So their CAGR over the last several years has looked similar to ours. And if you go back further than that, the trend would be remarkably identical. Even before COVID, then you've got the great resignation. Everything kind of trended the same way. And going into the close, when we announced it, we said -- including at the time, it was about $650 million a year in annualized revenue. And going into the close and what we forecasted for the first two months is the pro rata share of that; it really hasn't changed.

And so we're looking at this. What we're going to do now -- the go-to-market side, we're all over. As I talked about to George, we're absolutely all over that. So we are integrating right off the bat. I hate the word integrating, but synchronizing the go-to-market activity. So that is absolutely happening. It's going to take us about eight months or so to get everybody on the same platform, and we're targeting -- our fiscal year ends April 30th. We're targeting a May 1st, 2027 date where we would get everybody onto a common platform that would be SAP and the like, and a common CRM, all of that.

We are going to do some things immediately so that our frontline consultants -- we have about 1,800, 1,900 of those -- so they have visibility into the customer activity for our largest clients. So we're absolutely doing that right off the bat.

AMS has a completely different industry coverage than Korn Ferry. They're very, very heavy into financial services. It's about almost 50% of their overall portfolio. So I look from an industry and geographic, it's very, very complementary.

At the end of the day, we're looking at the business through a regional lens, then through these three solutions. Our goal here is to have a unified RPO offering, which we will have. But we're not going to be even on the same system for a number of months. So the first few months here is really around learning about each other and not saying, well, this is the way we've always done things, so this is the way we're going to do it in the future. It's really around finding a third way. And that includes the IP from both organizations. And that IP is obviously very, very meaningful in the RPO area.

So our principle here is do no harm. Focus on the customer right off the bat. Look at the economies of scale here over the next several months. But it's around culture.

I mean, people ignore -- when you do something like this, people ignore culture. But culture is the way an organization gets things done, and by definition, that's going to have to change. And that's one of the exciting things about being in business is it's not stagnate. It constantly changes. So we have to continue to evolve our culture collectively together.

Mark Marcon
Terrific. Thanks so much, Gary.

Operator
Our final question will come from the line of Brianna Kamdoum with UBS. Please go ahead.

Brianna Kamdoum
Good morning. This is Bri [sp] Kamdoum on for Josh. For my first question, are there any key metrics you're paying attention to in reviewing the progress of integration and any milestones you're looking to reach the next couple of quarters?

Gary Burnison
Well, look, it's -- two quarters is a pretty -- that's a pretty short amount of time. We want to look at whether we're expanding client relationships. Every organization, whether it is a family, a church, every organization has to grow. And so we look at this and say, wow, two iconic brands, complementary geographic fit, industry fit, Marquee logos. And so for us, what we tend to look at is how do our enterprise accounts do, our Marquee and Diamond clients, and what's happening with the cross-referrals. And you've seen that now, over time, it's gone up and to the right pretty consistently. We would look to that. It's all about deepening relationships and innovation, bringing new offerings to market. So all of those things we would certainly look at. But the first principle is do no harm and make sure you understand and you understand each other before we find a third way.

Bob Rozek
And, Gary, I would just add to that, if you're trying to think over the next two months, remember what Gary said. We're not going to be integrated from a platform perspective until May 1. So just that in and of itself, we should frame it up for you saying, over the next couple of quarters, you'll see some progress, but it'll be more heavily weighted towards after the integration. That's primarily on the cost side. As Gary indicated, on the top line side, we're starting that right now.

Brianna Kamdoum
That's helpful. Thank you. And then for my second question, do you expect AMS to have any direct or indirect impact on your other existing businesses outside of RPO? Thank you.

Gary Burnison
Well, we do. We think that there is enormous opportunity to continue to deepen relationships, and that's reflected in the cross-referrals. So after this investment, we're going to have something like 2,000 consultants that are responsible for originating business. And so for the AMS colleagues that have come in to legacy Korn Ferry, they have the opportunity to be able to deepen those relationships with other solutions that they didn't have. And the same holds true for Korn Ferry, for legacy Korn Ferry and the 1,850 frontline consultants that we have where we have new capabilities to be able to offer to our existing customer base. And we've already put in cross-referral incentives, and we're doing it as we speak, literally as we speak, for our new AMS colleagues where they are going to be rewarded for opening the door and introducing other solutions.

So yeah, you're going to -- at the end of the day here, after this transaction, you're going to have a couple of thousand frontline consultants. And we're looking at that productivity, and we see that productivity at being about $2 million per consultant. And that has -- obviously, that has room for significant expansion given the complementary nature of the solutions that we have here.

Bob Rozek
Hey, Gary, the other thing I would add to that is, if you think about our go-to-market activities and go-to-market mindset, it's driven through the Marquee and Diamond accounts, and it's all about deepening our client relationships and demonstrated by our referral rates going from 18% back when we started measuring up to almost 30% today. The other thing I would add for AMS, they operate very similar to us. If you go back to 2020 and you look at their growth, Gary indicated it was kind of the same as ours, their CAGR is 10% to 11%. Over 50% of that came from expanding their existing client relationships. So those go-to-market activities that are important to us are also obviously very important to them and very consistent with what we've done over time.

Brianna Kamdoum
Thank you both, and good luck in Q2.

Gary Burnison
Thank you.

Operator
And it appears there are no further questions, Mr. Burnison.

Gary Burnison
Okay. Regina, thank you for hosting this, and I thank everybody for joining. And we are very, very excited about what we can do now with I think the dominant firm in talent and organizational consulting. So thank you all, and we'll talk to you soon. Bye-bye.

Operator
Ladies and gentlemen, this conference call will be available for replay for one week starting today, running through the end of the day on September 16, 2026, ending at midnight. You may access the Echo Replay service by dialing 800-770-2030 and entering the access code 2672007, followed by the pound key. Additionally, the replay will be available for playback at the company's website, www.kornferry.com, in the Investor Relations section. This concludes today's call. Thank you all for joining. You may now disconnect.