FINAL TRANSCRIPT

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DHX - Q1 2009 Dice Holdings, Inc Earnings Conference Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the First Quarter 2009 Dice Holdings Incorporated Earnings Conference Call. My name is Shanell, and I will be your coordinator for today. At this time all participants are in listen-only mode. We will be facilitating a question-and-answer session towards the end of this conference.

(Operator Instructions)

As a reminder, this conference is being recorded for replay purposes. I would now like to turn the presentation over to your host for today's call, Ms. Jennifer Bewley, Director of Investor Relations. Please proceed.

Jennifer Bewley - *Dice Holdings Incorporated - Director - IR*

Thanks, Shanell, and good morning everyone. With me on the call today is Scott Melland, Chairman, President and Chief Executive Officer of Dice Holdings, along with Michael Durney, Senior VP of Finance and Chief Financial Officer.

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Please note this morning, we issued a press release describing the Company's results for the first quarter of 2009. A copy of that release can be viewed on the Company's website at www.Diceholdingsinc.com. In fact, we regularly post all material information to our website, and would encourage all investors to visit the site for more information on the Company.

Before we begin, I'd like to note that today's call includes certain forward-looking statements, particularly statements regarding future financial and operating results of the Company and its businesses. These statements are based on Management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances.

Actual results may vary materially from those expressed and implied by the statements herein, due to changes in economic, business, competitive, technological and/or regulatory factors. The principle risks that could cause our results to differ materially from our current expectations are detailed in the Company's SEC filings, including our annual report on Form 10-K in the sections entitled, Risk Factors, Forward-looking Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company is under no obligation to update any forward-looking statements except as required by Federal Securities laws. Today's call also includes certain non-GAAP financial measures including adjusted EBITDA, adjusted EBITDA margin and free cash flow.

For details on these measures, including why we use them, and reconciliations to the most comparable GAAP measures, please refer to our earnings release and our Form 8-K that has been furnished to the SEC, both of which are available on our website. Now, I'd like to turn the call over to Scott.

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Thank you, Jennifer. First let me welcome all of you to the Dice Holdings First Quarter 2009 Conference Call. I'll start today by briefly discussing the quarter, including our perspective on market conditions and how our sites are performing. Then I'll hand it over to Mike Durney, our CFO, to take you through our financial performance in greater detail. After Mike, I'll make a few closing remarks, and then we'll open up the call for questions.

Now for the first quarter, as I mentioned on our last call, we thought that 2009 would be a difficult year. While the first quarter certainly confirmed our thinking, as the recruitment advertising market continued to weaken across the globe. Overall, our first quarter results reflect both the difficult market conditions that exist today, as well as the strength of our business model.

In Q1, worldwide revenues decreased 25% to $29.6 million. Our US based businesses declined 21%, while our international business was down 40%, including the impact of currency translation.

Recruitment activity slowed again in the US, as companies continued to pull back or freeze their hiring plans, given the uncertainty that they see in their own businesses. Outside the US, the story was much the same, with recruitment activity also slowing in Europe and Asia, impacting our performance.

As we mentioned we would do at the end of the year, throughout the quarter, we reduced our expenses and delivered adjusted EBITDA of $14 million or 47% of revenues. And we used some of our cash to pay down roughly $30 million of debt since the beginning of the year. Overall, the environment and business sentiment got marginally worse in Q1. And nothing we see today leads us to expect that the market will improve in 2009.

The good news is that we are executing on our strategy of building our professional communities and our services are performing very well for our customers. At Dice.com, traffic to the site grew 16% year-over-year in the first quarter. And we now consistently serve approximately 2.2 million unique visitors each month. Likewise, new resumes posted were up 32% year-over-year.

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We continue to improve both our user and customer experience through incremental, but important, upgrades to our website and our award winning customer service, like our Dice Gold service, which we introduced in January. Dice Gold provides a premium level of service and dedicated customer support to a select group of customers with annual agreements.

At eFinancial Careers, new resumes posted increased year-over-year in the first quarter. And we are quickly approaching 0.5 million resumes in the eFinancial Careers resume database. Also on a per-job-basis, local applications to local jobs were very strong, a key measurement for this business.

In the quarter, we began an initiative to broaden the job sites offered at eFinancial Careers. This involved adding career opportunities in finance that are relevant to our users' skills and experience, but are outside of the capital markets industry. This is both a short-term and long-term opportunity for us.

In the short-term, we are able to serve new customers who have need for these skill sets. In the long-term, the broadening of eFinancial Careers enabled us to cover all of the areas of finance, no matter how financial activities, or financial services, may be delivered in the future.

So far, these new deals tend to be small and transactional in nature. But the jobs posted are receiving a significant number of applications and are performing well for our customers which have included insurance companies, retailers, not-for-profit, government entities, and in the UK, even the Royal household.

Now, the broadening of eFC is on the right track. Although given the difficult market, it is slow going. On our last call, we told you that we would manage our costs while making investments to improve both our professional communities and our career sites.

As you can see by the metrics I just gave you, despite the reduction in marketing, our services are growing in value and performing very well for our customers. As a result, we believe that we're finding the right balance with our marketing expense, and are not sacrificing long-term success for short-term financial performance.

Another part of our overall strategy, that we haven't discussed much to date, is our approach to pricing. As you know, pricing in our industry has become much more promotional, largely due to the slowdown in the market. We are trying to be disciplined in our pricing with limited discounting of our services. And on the margin, this means that we are likely losing some customers due to price.

However, we believe this is the correct trade-off to make. Because when recruitment demand returns, and it will, we will be in the best position to maximize the value we receive for our services. This is similar to the approach we took during the tech downturn in 2001 and 2002, which worked very well for us in that recover.

In short, the market continues to be difficult, both in the US and abroad. We are managing through this environment with an eye towards improving our leadership in the categories we participate in, and positioning our business for growth in the future. So with that, I'll turn it over to Mike to go through our financial performance in greater detail.

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

Okay, thanks, Scott, and thanks to everyone for joining us today. I'll spend a few minutes cover Dice Holdings' overall financial performance for the first quarter. And provide some details by business segment, including a discussion of some of the customer metrics for Dice. We'll cover cash generation and balance sheet, capital structure and finally an update to our estimate for '09.

Revenues for the first quarter, total $29.6 million, a decline of $10 million or 25% from the same quarter a year ago. Of the $10 million, $2.2 million is the result of the strengthening of the US dollar versus the pound sterling.

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Except for ClearanceJobs, each of the businesses declined year-over-year. And the primary reason for those declines is the continued deterioration of the global recruitment advertising market. Lower activity levels continued to be characterized by customers and prospects saying that they have no current need, or reduced current need, or that they're making due without our services in the short-term, each of which results in lower customer count.

Operating income for the quarter decreased 26% to $7.7 million versus $10.4 million in the first quarter of '08. The decline in operating income was a function of lower revenues offset by a $7.3 million reduction in operating expenses, of which $1.4 million is related to currency translation.

Of the roughly $6 million expense reduction, the majority of the changes in our largest line item, sales and marketing expense, which was reduced by 37% to $9.4 million, and was 32% of revenue on the quarter, down from 38% of revenue in the year ago quarter. The split of the reduction between sales, which is principally compensation for sales people, and marketing is roughly ratable between the two, reflecting lower sales compensation costs as a result of lower billings, and a conscious reduction in marketing expense, mostly towards the job seeker.

As Scot said, there's been no discernable impact on the business in the short-term from the plan reductions in job seeker marketing. The operating metrics related to job seeker interaction with the sites like traffic, applications, new resumes are all improving.

Therefore, as we said many, when there are fewer recruiting challenges, as we have today, we can reduce job seeker marketing and still provide high quality results for our customers. Watching costs is not a new initiative nor is it limited to sales and marketing.

And not surprisingly given the poor marketing conditions, we'll continue to be focused on costs while balancing investments in the business, as we always have. The other large bucket of costs, besides marketing expense is headcount. And today it stands at 270 compared to 283 at the end of the year.

Adjusted EBITDA, as reconciled in the press release, was $14 million or 47% of revenues. The margin is quite high due to our aggressive cost reductions, in light of both current billings and anticipated business activity levels. Unless there is a sharp reversal of the current business trends, which we don't see any signs that would point to; we expect first quarter adjusted EBITDA will be the high point of the year.

Net income for the quarter totaled $3.9 million, which includes a roughly $400,000 non-cash gain from the mark-to-market of our interest rate swaps, which I'll discuss in a moment. Our effective tax rate in the quarter was 38%.

From an earnings per share perspective, our first quarter diluted earnings per share was $0.06 per share, flat with last year's diluted earnings per share from continuing operations, which includes a $0.02 after tax impact from the hedge accounting charge.

So moving on to the segments, DCS Online revenues declined 19% to $22 million, and accounted for about three-quarters of the Company's revenues as a whole. Dice.com revenues declined 21%. And once again, the exception was ClearanceJobs which posted record revenue for the quarter and grew 32% versus last year's first quarter.

Let me discuss some of the key metrics for Dice.com. On March 31st, the recruitment package customer account at Dice was 6,850, down 750 from December 31st. Approximately 88% of recruitment package customers, or about 6,000, were under annual contract at the end of March. And the average length of contract was 11 months. The current Dice.com customer count today is about 6,750.

For the first quarter, the Dice renewal rate on annual contracts was about 52.5%, down from 55% during the fourth quarter of '08. From an historical perspective, the recent history on renewal rates for Dice.com annual customers was 71.5% in each of Q4

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'07 and Q1 '08, 67.5% in Q2, 65% in Q3 and then 55% in Q4, leading to the 52.5% in Q1. The historic average, as far back as we've tracked it, which is to roughly 2004 and 2005, was in the range of 72% to 78%.

Average revenue per recruitment package customer per month was relatively flat at $854 per customers per month, up slightly from the $853 in the fourth quarter, and down less than 1% from the $859 in the first quarter of 2008.

The average is relatively flat reflecting a combination of holding pricing and to a greater degree, the tendency of the renewal rate for larger customers to be higher than for smaller. And the renewal rate for longer term customers to be higher than for newer customers. And newer customers tend to be smaller in their initial agreements.

Moving to eFinancial Careers, that segment declined 40% in US dollar terms, and 17% as measured in pound sterling. As we noted, the impact of the strengthening of the dollar versus the pound was approximately $2.2 million as compared to the first quarter a year ago.

Before discussing the regions, to give you a comparable assessment, I'll be giving you the figures in pound sterling. But as a reminder, there is a slight favorable impact translating into local currencies of Continental Europe and Asia into the pound sterling.

A little less than 50% of the segment revenues come from the UK market; which declined 28% to GBP2.1 million. The renewal rate in the first quarter of the recruitment agency accounts was roughly as we thought it would be. And there's no significant update to the experience we have seen when we gave our update in the first week of February.

Customers continue to make slight adjustments to their contracts to match their current needs, particularly those recruitment agencies, both those that will renew later in the year and those that have renewed in January and February. In the last quarter though, there has been no significant change in the trend of the UK market, either up or down. But we should note, it hasn't gotten significantly worse.

The Continental Europe and Middle East represent about 30% of segment revenues. And Asia Pacific is about 20% of segment revenues. Overall, each of the two regions was relatively flat year-over-year reflecting relatively significant growth throughout '08 and then the current slowdown.

Overall, Continental Europe was up about 6% year-over-year. Some of this growth is due to the conversion of euros to sterling. Our smaller markets have certainly started to feel the impact of the slowdown, although some of them are up on a year-over-year basis given that significant growth during '08.

So for instance, the Middle East, which we have high hopes for in 2009, and was up approximately 65% year-over-year in sterling has seen a significant fall-off in recruitment activity which will be felt later in the year.

Moving on to other revenues declined 39% to $1.7 million in the quarter. Each of the businesses declined with revenues in eFinancial Careers' North American operations down 29%. The Job Fairs business is down 45% and JobsintheMoney was down 55%.

So to quickly summarize our first quarter operating results, the US business was down 21% and our International business declined 40% in dollars and 17% in sterling. While we do, on occasion, see upticks in activity, it is very much customer specific and neither significant nor widespread. With that in mind, we continue to act decisively on costs and delivered solid profitability with 47% adjusted EBITDA margins.

So moving on to cash generation and balance sheet, cash generated from operating activities for the first quarter was $6.8 million compared to $23.2 million in the 2008 period. The biggest driver, obviously, is the change in deferred revenue. Whereas in the '08 period, we had a net cash inflow from the generation of deferred revenue of $6 million.

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In 2009, we had a net cash outflow in respect to the realization of that deferred revenue of $2.5 million. And free cash flow for the quarter was $6 million in '09, versus $22.4 million in '08.

Deferred revenue at March 31 '09 was $38.2 million, a decline of $2.6 million or 6% from year-end. At March 31 '08 when the market was uncertain but still relatively strong, the deferred revenue was $52.3 million. The primary driver of the year-over-year decline is the drop in annual recruitment package customers at Dice.

Moving on to indebtedness, our debt balance as of March 31 '09 was $61.2 million down from $81.5 million at year-end. Cash and equivalents was $46.3 million at March 31 and that compared to $61.6 million at year-end, resulting in a reduction in our net debt position from just under $20 million at the end of '08 to just under $15 million at the end of March.

In April, we prepaid another $10 million in addition to our quarterly required amortization payments; with our gross debt balance today is $50.9 million. Our net debt position today is roughly the same as March 31st. It's slightly higher, or cash is slightly lower, given the timing of certain payments in the first half April, including interest payments.

Just to provide a little bit of perspective on debt repayments. If we go back to September, when the markets, the employment markets, credit markets, equity markets, et cetera all when a little haywire, we decided that in addition to reducing operating expenses, we needed to focus on reducing debt and the associated negative carry costs.

Since mid-September, we repaid about $71 million of the $122 million that was outstanding, or about 60%. In that time, our net debt has decreased by roughly half to the $15 million or so it is today.

As we sit here today with roughly $35 million in cash, and the majority of it now outside the US, it is unlikely that we will repay any more of the loan in the foreseeable future. Remember though, that in addition to our cash, we still have the revolving credit facility that is totally undrawn.

Which brings me to the last item on capital structure, and that relates to potential acquisitions. We still look for them. And we do continue to see more of them than in the past. We have a fair amount of financial flexibility, and while we continue to hunt for and review opportunities, we will remain extremely selective.

If the right property comes available at a reasonable price, we won't hesitate. But as a reminder, most of the businesses of interest in the specialty career area that we look at, are small, more like the size of Clearance Jobs than the size of eFinancial Careers.

So moving on to 2009, and our first look at the second quarter, last quarter we shared with you our internal planning for the business for 2009. And we're continuing that practice today by updating you on what we see for 2009 and adding the second quarter.

In the second quarter, we anticipate revenues at $27 million, sales and marketing of $9 million and adjusted EBITDA of $11.5 million for an adjusted EBITDA margin of 43%. For the year, based on what we see today and our experience from early February to mid-April, we see the following changes to what we said in early February.

We're reducing our revenue forecast by about 4% to $106 million, principally reflecting lower rate of new business acquisition at www.Dice.com and in Asia. We're reducing operating costs by about $4 million, the majority of which, although not all, is in sales and marketing. Net interest expense is down about $1.4 million reflecting the further prepayments of debt since our February 4, estimate, and the benefit on the interest expense line of having unwound $10 million notional amount of one of the interest rate swaps which we did in April.

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The effective tax rate will be slightly higher, 36% to 37%, given the shift at projected income from outside the US to inside the US, which in part reflects the lower interest expense. Net income will be slightly higher, driven by the reduction in interest expense, partially offset by taxes.

Our adjusted EBITDA estimate remains unchanged at $45 million. Our free cash flow estimate remains unchanged at $10 million. And CapEx range of $2 million to $3 million remains unchanged, although we expect we'll be towards the higher end of that range.

Again, this is a point in time estimate and our best view of today. While we would again have liked to follow the trend of not giving public forecasts of financial performance in this difficult environment, we believe that it at least provides a little financial perspective on how we've described the current state of the business. And with that, I'll turn it back to Scot.

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Thanks, Mike, let me conclude our formal remarks today with a few thoughts. On our last call, we said that you could expect four things from us in 2009. We would focus on strengthening our customer relationships, both those who are using us today and those that currently have no need, because we fully expect to get those customers back as the environment improves. Focus on growing our professional communities, improving our career sites, and of course, managing our expenses.

As you can see from our performance, we have focused on exactly those things. And our activities are yielding results. We have also used our cash to pay down a significant amount of our debt, improving our overall financial position.

So despite the difficult market today, we are improving our services and strengthening our leadership in the categories that we serve, delivering strong profitability, improving our balance sheet and financial position, and most importantly, positioning our Company for growth in the future. Thank you all for listening. And now, let's open up the call for questions.

QUESTIONS AND ANSWERS

Operator

Ladies and gentlemen, (Operator Instructions). We will pause for a moment to compile a list of questions. Your first question comes from the line of Jim Janesky, Stifel Nicolaus.

Jim Janesky - *Stifel Nicolaus - Analyst*

Thank you, good morning. There have been some other employment and recruitment related companies that have reported news words like stability. It doesn't seem that things have stabilized in your markets.

Do you think that it feels like stability maybe because we're just not moving at 100 miles an hour towards zero anymore? Or is there something within your business that is different in terms of why there would or would not be stability in the businesses?

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

You know, I think that -- it's a great question. I think that there's probably a couple of things going on here. One is that with the recovery of the stock market, I think there is a generally more positive attitude amongst a lot of people in the industry and such.

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But I don't believe, and I think, we don't believe, that that really reflects a change in the real economy and a change in the labor markets, and a change in the environment. But I think there's more of a positive aura out there than existed a few months ago.

As far as our business being different than some of the others out there, I know that there's been some large staffing firms in particular that have talked about stability. You know, it's possible that their business could be stabilizing where ours might be still lagging in terms of that. I think the overall, as we look out and have conversations with our customers; we really don't see any improvement at this point in the market, and in the recruitment advertising.

Jim Janesky - *Stifel Nicolaus - Analyst*

Okay, thanks, Scot.

Operator

Your next question comes from the line of John Blackledge of Credit Suisse.

John Blackledge - *Credit Suisse - Analyst*

Thank you, just a follow-up on what you just said. You haven't seen any improvement. Has business conditions -- have they decelerated in the first quarter, and if you could just comment on pricing?

I know you guys are trying to hold the line, keep it steady, maybe down a little bit. For those -- for your competitors that are doing price cuts to get market share, is that both offline and online competitors? Thanks.

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Sure, on the question of business conditions, in the conversations we're having with our customers, they are still talking about hiring freezes. They're still talking about pulling back on recruiting plans that they may have had six months ago.

And these are very -- the conversations are very similar to what we had three months ago. I'd say the business sentiment overall has gotten a little marginally worse, I think. Just from our assessment of what's going on out there. But the conversations are largely the same.

On the pricing side, it's always difficult in this business to sort of get a real pulse as to what's going on with pricing because there are rack rate prices that are published and then there are all sorts of negotiations and conversations that are happening really at the point of sale.

What we have seen is we've seen that some of our other competitors have tended to be discounting a little more aggressively and I think probably a bit more aggressively than they were say three months ago. So we're seeing lower price points that used to be less frequent that are now more frequent. But usually those are the results of negotiations and pricing that arrived at at the point of sale.

John Blackledge - *Credit Suisse - Analyst*

Thank you.

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Operator

John Janedis of Wachovia.

John Janedis - *Wachovia - Analyst*

Hi, good morning. Thank you. Mike, when you look at the $17 million or so of expenses pre-D&A for 1Q, how much of that do you view as variable?

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

I think, John, as we lay them out there's fixed, there's discretionary and there's variable. I think you're probably asking about discretionary. Variable is relatively small. In fact it's very small. I think there's different levels of discretionary at this point a good amount of it is fixed which is the infrastructure of running a company but there's still discretionary spend in marketing, there's discretionary spend in product, there's some discretionary spend although it's relatively small in cost of revenues and there's some in G&A. But as we've taken the cost structure down by the roughly $6 million I referred to before year-over-year that the amount of discretionary as a percentage of the total has declined.

John Janedis - *Wachovia - Analyst*

Okay. And maybe one quick follow-up. It seems like some companies are starting to use some players like a LinkedIn more in the downturn. I'm wondering to what extent are you hearing that? And do you have a sense of what percent of the jobs do they have that would be competing with Dice?

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

We're hearing some of the same things. We're definitely hearing that companies are trying LinkedIn and recruiters are using LinkedIn. We think it is a very interesting service and it does work well for certain types of recruiting. So it's out there. Some of the usage that we hear of is they're using the free part of the service versus the paid part of the service so there's a lot of different ways people are using the service. So they are a player out there in the marketplace. In terms of the overlap with our business we haven't really seen much competitive overlap with their types of recruiting.

John Janedis - *Wachovia - Analyst*

Thank you.

Operator

Christa Quarles of Thomas Weisel Partners.

Christa Quarles - *Thomas Weisel Partners - Analyst*

Hi. I'm just going to follow-up on the pricing a little bit. I was wondering if you could just discuss how sticky it is? And in particular I guess what would be the risks of lowering and then raising the pricing? And how does your customer rate base really respond to and react to some of the pricing movements i.e. if you change the price, do you see some immediate reaction for example?

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Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Sure. Pricing, it's been our experience and having gone through a bit of a downturn in '01 and '02 and then coming back, it's been our experience that the pricing that you have in customers that you leave with customers is very important even if they're not using your service. And so we find that pricing is pretty sticky, to use your term.

And so if you are pricing low during times which are more difficult like today, it is difficult to pull pricing up over time. Now you can pull it up, you can do that because as demand returns the value of the services are there but it's very difficult to pull customers up by large percentages because they obviously feel like they're being taken advantage of. So we do find that pricing is pretty sticky as you try to move through some of these cycles.

Unidentified Participant

Got it. Thanks.

Operator

Youssef Squali of Jefferies & Company.

Naved Khan - *Jefferies & Company - Analyst*

Hi, thanks. This is actually Naved Khan for Youssef. Can you guys talk about the mix of recruiting agencies versus corporate amongst the subscriber base and if there's any change in that.

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Sure. So historically speaking about Dice, which is relatively true of (inaudible) too, so speaking about Dice historically slightly more than half of the customer is what we refer to as direct employers, people recruiting for their own use and slightly less than half has been recruiters and staffing firms and consulting firms, essentially people who recruit to provide the service to somebody else.

The mix of revenue is the opposite. So slightly more than half of the revenue was from consulting and staffing and recruiting companies and slightly less than half was from direct employers. The mix of business has not changed a tremendous amount given the customer base structure.

The rate of non-renewals for direct employers tends to be slightly higher than it is for recruiting and staffing firms as a general proposition the renewal rate for smaller staffing consulting companies is also a little bit higher so they tend to balance each other out. So the mix has not changed a tremendous amount but the amount of the percentage of direct employers is slightly lower than it was.

Naved Khan - *Jefferies & Company - Analyst*

Okay. And then just a follow-up question on cost. How much breathing room do you think you have left to further dial down the job seekers marketing to predict your margins?

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Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

I think the way we approach that is we look at the performance of the service against the level of recruiting that's happening on the various sites really on a daily basis. And as long as we feel that we are delivering very high performance of unique and high-quality job seekers, because that is the core of our business proposition, we feel if we can do that we feel we have flexibility to pull back.

Now it's essentially a judgement call and there's always some spending that you want to do to be able to have your brand out there at a time like today when job seekers are anxious and they're listening to your message. So it's really a judgement call as to how much you want to plant the seed for the future because it's a great branding opportunity today.

So essentially as long as we believe that the service is delivering for customers and it is today at levels that are much much higher than what we delivered in the past, we feel we have the flexibility to make that change.

Naved Khan - *Jefferies & Company - Analyst*

Great. Thanks.

Operator

And your next question comes from the line of Craig Huber of Barclays Capital. Please proceed.

Craig Huber - *Barclays Capital - Analyst*

Yes, good morning. Just a follow-up question. On your sales and marketing expense, could you just give me a sense of how much lower potentially do you think you can bring it if $9 million and how much lower if things could get tougher here? Do you feel you could bring that, can you bring it down to $6 million to $7 million on a quarterly-basis? Or do you think that would do long-term damage to the site.

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

This is Mike. At the risk of just repeating what Scot said I think it depends on what we see. If the activity levels of job seekers continues to perform well for customers and we retain customers then we can both reduce the amount of job seekers marketing and reduce the amount of customer acquisition marketing if we choose. I don't think it's going to help us to sit here and try to quantify what it could be based on what might happen but it's the same principle that Scot just said. It's a management of what the activities are. We're certainly not going to reduce it if the activity levels don't satisfy the customers.

Craig Huber - *Barclays Capital - Analyst*

If I follow-up on that is what percentage of that nine million roughly is to the job seekers?

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

About a third or so of the overall sales and marketing is sales expense, which is essentially compensation to sales people. About two-thirds is marketing. It's remained roughly the same as it's been for the last couple years. Of the marketing piece now about 65% or so is to job seekers which is down from roughly 75% it's historically been. 65% of two-thirds.

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Craig Huber - *Barclays Capital - Analyst*

Great. Thank you.

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Maybe I would just add one other thought since we're focusing on this job seeker spend and marketing spend overall, one of the positive things about this recession, this downturn, is that our marketing today is much more productive and also the cost of media today is much lower. So we can do a whole lot more for a given level of spend today than we could say six, 12, 18 months ago.

Craig Huber - *Barclays Capital - Analyst*

Understood. Thank you.

Operator

Your next question comes from the line of Tim McHugh of William Blair.

Tim McHugh - *William Blair - Analyst*

Yes. First wanted to ask about eFinancial Careers and if you could give us an update, you talked a little bit about it but the progress of expanding more so in the US both on the job seekers and the corporate side as well as then maybe a little more color on your expanding into new areas with that business?

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

Sure. We are effectively as you mentioned we are expanding that business in two very important ways. One is that we now have the entire US sales team able to sell that product and so we are getting, essentially getting that product into the market with coverage that we haven't had in the past. How well is that doing?

We're having some success there but given the market conditions it's low. I think it's going to be great for us once the conditions improve because the sales teams will be very comfortable with it, the customer contacts that they're making today are essentially seeds that we're planting for the future. But really the results today are not huge.

As far as the broadening, the broadening side of things I think is going pretty well. If you look at the site, we've made changes to the site to support the new categories, the new sectors of jobs that we're supporting. We've had a number of very interesting positions from companies and organizations that have used us, Amnesty International, large retailers like Nordstrom and Tesco abroad.

So we're getting a lot of very, very interesting jobs for our job seekers community to look at and the performance of those jobs has been very good, very high. So we're leaving some very satisfied customers here as well. But again, given the conditions that are out there it's dribs and drabs. And so we're really at this point I wish we could say that we've got millions of dollars in business sitting there today we don't but we're essentially setting ourselves up for the future.

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Tim McHugh - *William Blair - Analyst*

Okay. And then following up on a question earlier about LinkedIn, you said you're seeing the amount there more but not really for the jobs you post. Can you elaborate a little bit more on that? Where are you seeing them recruiters using them more at this point and how do you stack up competitively that you see them overlapping?

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

I mean, I don't -- we focus on in terms of looking at all the different players out there we do focus through the lens of financial service workers or financial people as well as technology people. So I'm not sure that I can say exactly how their service is being used overall but when it comes to those two categories we do not run into them competitively with our sales teams and in our customers. But we do know that recruiters and many of our customers are using the service, are using the LinkedIn service and some are having success with it.

Tim McHugh - *William Blair - Analyst*

How can you be sure that perhaps some of your customers even if your sales people might not be seeing them that they might perhaps be using it and just that's one of the factors for renewals being lower at this point?

Scot Melland - *Dice Holdings Incorporated - Chairman, President, CEO*

I think in the conversations we have with customers about renewals, they're pretty upfront with us in terms of what is the reason for a non-renewal. And so I think we've got a good feel. And that reason, the vast majority of those non-renewals are due to I just don't have need today or I've got some sort of economic constraint or business constraint for renewing. So it's really those conversations that we're basing our understanding of the market on.

Tim McHugh - *William Blair - Analyst*

Okay. That's helpful. Thanks.

Operator

And you final question comes from the line of Collis Boyce of Morgan Stanley.

Collis Boyce - *Morgan Stanley - Analyst*

Hi, guys. Thanks for taking my question. You had mentioned on the call that it looks like the number of recruitment customers had declined by about another 100 in April or since the end of the quarter and didn't know if you were seeing similar renewal rates at the 52%, 53% level? And then also what level of recruitment customers are you baking into your guidance?

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

So yes, I did say that it's down about 100 from March 31, to today, to yesterday. As far as the renewal rate question I think we're seeing the same level. I would say that there's a lot of renewal activity that happens at the end of a month when somebody's contract is up in a month, there's renewal activity so I think trying to assess what it might be in 23 days probably wouldn't provide you a lot of help. Having said that, the rate at which we are renewing customers seems to roughly the same as it was towards the end of last quarter.

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In terms of customers that we're assuming we do assume that they decline throughout the year. We haven't given a specific number on the actual number at any point in time for the rest of '09 but there is an assumption that they continue to decline. So the 100 that we've seen in April is reflective of what we assumed in the guidance.

Collis Boyce - *Morgan Stanley - Analyst*

Okay. And I guess a quick follow-up. As you look at the renewals coming up over the course of this year, is that pretty evenly spread between each quarter? Is there any lumpiness that we should be aware of?

Mike Durney - *Dice Holdings Incorporated - SVP - Finance, CFO*

Q2 is the lowest number of annual contracts up for renewal, Q4 is the highest. It's not significantly the lowest or the highest but Q2 has historically and it is again the lowest.

Collis Boyce - *Morgan Stanley - Analyst*

Okay. Thank you.

Operator

There are no further questions. I would now like to turn the call back to over to Ms.. Jennifer Bewley.

Jennifer Bewley - *Dice Holdings Incorporated - Director - IR*

Thank you for your time this morning and interest in Dice Holdings. Management will be available to answer any follow-up questions you may have. Please call Investor Relations at 212-448-4181 to be placed in the queue. Have a good day.

Operator

Ladies and gentlemen, that concludes the presentation. Thank you for your participation. You may now disconnect. Have a great day.

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