FINAL TRANSCRIPT

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CORPORATE PARTICIPANTS

Jennifer Bewley
Dice Holdings, Inc. - Director, IR

Scot Melland
Dice Holdings, Inc. - President, CEO and Chairman

Mike Durney
Dice Holdings, Inc. - SVP, Finance and CFO

CONFERENCE CALL PARTICIPANTS

Operator

John Janedis
Wells Fargo Securities, LLC. - Analyst

Youssef Squali
Jefferies & Company - Analyst

James Janesky
Stifel Nicolaus - Analyst

Craig Huber
Access 342 - Analyst

Jordan Rohan
Thomas Weisel Partners - Analyst

Tim McHugh
William Blair & Company - Analyst

Imran Khan
JPMorgan - Analyst

John Blackledge
Credit Suisse - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the First Quarter 2010 Dice Holdings Earnings Conference Call. My name is Marsha and I'll be your coordinator for today's call. At this time, all participants are in listen-only mode. We will conduct a question and answer session towards the end of this conference. (Operator Instructions). I would now like to turn the call over to Ms. Jennifer Bewley, Director of Investor Relations. Please proceed, ma'am.

Jennifer Bewley - *Dice Holdings, Inc. - Director, IR*

Thanks, Marsha and good morning, everyone. With me on the call today is Scot Melland, Chairman, President and Chief Executive Officer of Dice Holdings, along with Michael Durney, Senior Vice President of Finance and Chief Financial Officer. Please note, this morning, we issued a press release describing the Company's results for the first quarter of 2010, a copy of that release can be viewed on the Company's website at diceholdingsinc.com. In fact, we routinely 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 or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors.

The principal 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 law.

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'll turn the call over to Scot.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Thank you, Jennifer. First of all, we welcome all of you to the Dice Holdings first-quarter 2010 conference call. I'll start today by briefly discussing our first quarter, including the improving market conditions and how we are capitalizing on the stronger recruiting activity. Then I'll hand it over to Mike Durney, our CFO to take you through our financial performance. After Mike, I'll make a few closing remarks and we'll open up the call for questions.

Now, for the first quarter. On our last call, I said that we expected the recruitment market to improve in 2010. Well, it has. Recruitment activity increased significantly in our core technology and financial services sectors in Q1, and we were able to take advantage of that market improvement. In short, our business has turned the corner and we are growing again.

In Q1, worldwide revenues declined 9% year-over-year to $26.8 million, roughly flat with the fourth quarter. However, customer billings increased significantly, driving our deferred revenue and giving us our first year-over-year increase in deferred revenue since the third quarter of 2008. As you know, in our business, there is a lag from when new business is booked to when it is recognized as revenue.

In North America, we saw an increase in recruiting activity in each of our professional sectors but with the strongest demand coming in the technology skill sets. At Dice.com, the number of recruitment package customers grew sequentially, driven primarily by small and medium-sized customers. The additional customers were a mix of returning inactives and entirely new customers. This is encouraging because it shows that we are further penetrating the market as well as bringing back our old customers.

Recruiting activity on the site also increased. The number of resume database searches grew from Q4 levels, continuing the steady growth in database usage we have experienced since mid-2009. Likewise, the job count on Dice.com continues to build and today is up more than 30% year-over-year. Please keep in mind, the job count is a good directional indicator of our business, but not an accurate predictor of near-term revenue performance.

Outside North America, we are seeing renewed confidence in financial services recruiting, especially amongst our existing sell-side banking and staffing agency customers.

At eFinancialCareers, the job count globally was up 38% year-over-year, with the greatest increases seen in IT, fixed income and the capital markets areas. Increased recruiting was evident in all of our geographic markets. In fact, the UK, Asia-Pacific and US markets for eFinancialCareers, all posted year-over-year revenue gains in the first quarter, in their respective local currencies. Performance in Continental Europe also improved from the fourth quarter, but that region appears to be lagging our other major markets in the pace of the recovery.

Overall, our first-quarter performance was stronger than we anticipated back in February. It's clear now that our efforts over the past 18 months to stay in front of customers and to continue building our professional communities are beginning to pay off. And because their sales performance was broad-based and driven by an overall improvement in recruitment activity, we believe that it is sustainable as the economy continues to recover. It's important to keep in mind that the level of recruitment activity today is still well below pre-recession levels and barring a significant pullback in the economic recovery, we expect the recruitment market to steadily improve over the coming quarters.

One of the reasons we expect the recruit -- that recruiting activity will increase is employee turnover. As you know, turning is a significant driver of recruiting and therefore beneficial to our business and the level of turnover today is still quite low. In the United States, the number of quits amongst employees in the professional and business services sector, as reported by the BLS, is 44% less today than the pace in early 2008.

Also, a recent survey on Dice.com found that 70% of technology professionals believe there will be mass turnover in their IT departments as the job market recoveries -- recovers. This survey echoes the findings of other recent surveys measuring employee dissatisfaction. History has shown that coming out of a recession, voluntary departures increase as employee confidence in the economy returns and we believe that 2010 and 2011 will not be different.

Let's talk a bit about our key services. At Dice.com, we averaged just over 2 million unique visitors per month in the first quarter, down marginally from a year earlier. Our active and passive resume databases continue to grow, adding over 75,000 new resumes in the first quarter, while total online applications moderated year-over-year, as we expected given the improving market conditions.

At eFinancialCareers, traffic was strong as we averaged just over 1.2 million unique visitors per month globally in the first quarter. On a per-job basis, local applications for local jobs were up 9% year-over-year. This is a key metric for eFinancialCareers and we showed particular strength in the Asia-Pacific region, as we continued to grow our footprint and user base in that part of the world.

As you can see in our financials, we have increased our investment in product development. This effort began in Q4 of last year and is continuing today. In the coming months, you will see some of the results of that investment. We will be launching an entirely new AllHealthcareJobs site as well as redesigned Dice.com and ClearanceJobs sites.

The new Healthcare site is based on the Dice.com technology platform and will include a new look and feel, improved search technology, unique editorial and other features. When you see it, you will see that we are serious about building our healthcare business. The redesigned Dice.com and ClearanceJobs career sites will include new networking features that enable more interaction and direct engagement between our highly skilled professionals, and the recruiters and employers trying to reach them. These innovative new features in career sites will move our Company forward in some exciting new ways that benefit both our customers and professional communities.

So overall, Q1 was a strong quarter for us. We had customer growth, billings growth, and increased usage of our services, a very good start to the year. So with that, let me turn it over to Mike Durney.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Thanks, Scot and thanks to everyone for taking the time today to join us on the call. Our business certainly has improved from last year's lows. Sales were higher although given the revenue recognition lag, revenues for the first quarter declined 9% to $26.8 million year-over-year and were flat sequentially.

However, deferred revenue increased 13% from year-end and it's slightly higher than March 31, 2009, the first time we've shown year-over-year growth in deferred revenue since 2008. In addition, we generated $11.6 million in cash from operations this quarter, a 70% increase year-over-year and that along with deferred revenue growth offers tangible financial signals that the recovery has taken hold. Finally, net income totaled $3.3 million or $0.05 per diluted share.

Now, let's look at some of the details about the segments. Starting with DCS Online, revenues declined 13% to $19.1 million. New business at Dice.com was at the highest level since mid-2008, and grew over 50% year-over-year. We had net new customer growth in each of the months during the quarter, something we haven't done since early 2008. So the recruitment package customer count on March 31 was 6,400, an increase of 500 from December 31 and of these, 5,300 were annual contracts, up from 5,100 at year-end.

In addition, the renewal rate on annual contracts increased substantially in the first quarter to 75% and now sits in the middle of our historic range of 72% to 78%. This is a significant improvement from the fourth quarter's rate of 66% and the low early last year of 52%. Improvements in both new and renewal business of Dice are key contributors to the growth in deferred revenue, which I'll discuss in more detail later on.

Average revenue per customer per month was $815, up from $808 in the fourth quarter although still down from the $854 in the first quarter of last year. Typically, as we add new customers, they come on at the base level of service and that tends to weigh on the average revenue per customer per month. While that has been the case, we are seeing some up-ticks in higher contract values at renewal from a number of existing customers. This performance is coming from direct hiring companies in the tech industry as well as some of our larger staffing and consulting companies.

To sum up the Dice business, we've seen the lows in customer activity, renewal rate, customer count, and average monthly revenue, and we're leveraging our operational experience and leadership position to grow and strengthen our business.

Moving to eFinancialCareers business, that is also improving. The segment revenues grew 3% year-over-year to $6.1 million, helped by a favorable exchange rate. As measured in pounds sterling, eFinancialCareers revenues declined 5% year-over-year with differences by geography and so for purposes of discussing the regions, I use the results in pounds sterling as the best measure of the underlying business trend.

In the UK, our largest market, revenues grew 5% year-over-year. We've seen major multinational investment banks increase their levels of service and the return of banks that did no recruiting last year. Likewise, business has increased for high-end recruiters, they are more active now as the number of mandates and the resulting fees they generate increased their business.

For Asia-Pacific, revenues were up 8% year-over-year. Customer activity in the region is similar to the UK, solid demand from large banks and the recruitment agencies are certainly busier now than they were. Finally, Continental Europe and the Middle East revenue performance year-over-year was poor; revenues declined 25% year-over-year, but the region is showing some modest progress from the second half of 2009 and revenue was up sequentially from Q4. We saw a significant drop-off last year after Q1. So given the recent activity levels in the region, this is probably the last of the large year-over-year declines.

[Similar to] satisfaction in the US, we believe that eFinancialCareers is starting to benefit from turnover. A recent survey work showed that 80% of financial services professionals in the UK have been approached at least once by a headhunter since the start of the year. That combined with increased demand from key financial services players should result in a clear path for eFinancialCareers to execute on its global opportunity.

The US business for eFinancialCareers is reported as part of the other segment, that segment declined in total 2% year-over-year to $1.6 million. For eFinancialCareers, the largest business in that segment, revenues grew 9% year-over-year in the first quarter. The other segment also includes AllHealthcareJobs, which we acquired in June 2009; JobsintheMoney, which we are starting to wind down and the Job Fair business. The transition out of the JobsintheMoney brand will be completed by midyear and had relatively low revenues in the first quarter. The impact of the falling off of JobsintheMoney and the addition of AllHealthcareJobs offset each other in the quarter.

Moving to expenses, we have been and will remain diligent in managing our costs. Sales and marketing expense, product development, and cost of revenues are each higher year-over-year as we've started investing. These increases were more than offset by lower G&A, including lower stock-based comp and lower non-cash amortization. The change in sales and marketing expense is primarily driven by sales compensation earned on higher billings.

As we said last quarter, we are making investments in product to deliver the next set of features for our communities and that is reflected in increased spending in product development. So overall, total operating expenses were down 5% year-over-year, but cash operating expenses increased 8%. So that resulted in adjusted EBITDA totaling $9.9 million or 37% of revenues. While the 37% margin is below our normal run rate of 40% to 45%, we are still within close range and now expect to return to the 40% level in the second half of 2010.

So moving over to the balance sheet and cash flow generation, deferred revenue at March 31 was $38.4 million, an increase from December 31 balance of $33.9 million and up from the end of March of last year at $38.1 million. The sequential increase resulted from higher renewal rates on annual contracts and relatively strong new business generation.

I want to take a minute to talk about deferred revenue as our business rebounds, we get asked a lot of questions about deferred revenue, how it works, what it reflects, what trends people should expect from it. For us, deferred revenue is triggered at the time of billing. In the US, the vast majority of our contracts are for recruitment packages. The majority of those are annual agreements and the vast majority of those annual agreements are billed upfront. Once billed, the value of the contract is reflected in deferred revenue. The resulting revenue is recognized ratably over the course of the contract period.

In the case where a customer is provided payment terms, let's say, to pay quarterly over the course of the annual period, deferred revenue is triggered each time an invoice is generated, and the revenue is recognized over the billing period. So for that contract, deferred revenue at any one time will only reflect the three-month period for which the customer has been billed plus the amount of revenue recognized to date. The remainder will be added to deferred revenue in the future when each of the last three installments is billed.

Outside the US, many of our customers contract with us under annual agreements but for the most part, the customer is billed monthly. Therefore, at the time of billing, the value of one month of service is reflected in deferred revenue and recognized daily over the month. The difference in the international practice means that our deferred revenue mainly reflects the results of our US business. About 85% of deferred revenue is in the US at March 31. The prevalent use of recruitment packages and the inclusion in those packages of job posting slots means the revenue is recognized ratably over the term of the contract.

At March 31, our accounts receivable balance was $9.4 million, reflecting a DSO of approximately 30 days, slightly lower in the US and slightly higher outside the US. So using that as a segue to cash generation, we generated $11.6 million in cash from operations this quarter, a 70% increase versus the $6.8 million generated in the comparable quarter last year. The largest contributor to the increase was the generation of deferred revenue.

Free cash flow totaled $10 million for the quarter as CapEx came in at $1.6 million. We are now in a net cash position totaling $7.7 million as compared to a net debt position of $1.2 million at December 31. We repaid approximately $15 million of debt in the quarter, reducing our total debt outstanding to $35 million. You should expect that we will continue to prioritize cash usage the same way we always have, a combination of pursuing acquisition opportunities in new geographies and new verticals which we continue to look for and debt repayment.

So let's talk about guidance. We're updating our full-year expectations and detailing the second quarter for the first time. So, starting with the full year, revenue is expected to be up to $116 million versus the $110 million we previously expected, reflecting the roughly $1 million overperformance in Q1 and an additional $5 million for the remainder of the year. We now anticipate adjusted EBITDA will be $45 million, up from $42 million which is a 39% adjusted EBITDA margin, slightly below our long-term range of 40% to 45%, but reflecting a slightly higher rate in the second half of the year. The only change below the EBITDA line is lowered interest expense, driven by the prepayments of our term loan in the first quarter and net income is now expected to be $16 million for the full year.

On free cash flow, we now expect to generate slightly more than $25 million in free cash flow for the full year, with CapEx unchanged in the $4 million to $5 million range. One note on the guidance, given the volatility of the pound to dollar exchange rate, we've adjusted our exchange rate going forward to $1.52 versus the $1.67 we used in February.

Looking at the second quarter, we anticipate revenues of $28.5 million versus sequentially flat previously, sales and marketing expense of $10.5 million, and adjusted EBITDA also of $10.5 million or a 37% margin. We would expect deferred revenue to be roughly flat in Q2 and Q3, which is the historical seasonal norm, and then to increase again in Q4 heading into 2011.

So in summary to close, market activity is strengthening and we continue to execute against our growth opportunities. The reward of running a business with both financial discipline and clear goals is delivering strong results for our shareholders. Strong profitability and cash generation are distinctive attributes of our Company and we'll continue to work to maximize the impact of the better recruitment market for the long term.

And so with that, I'll turn it back to Scot.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Thank you, Mike. Let me conclude today just with a few thoughts. Q1 was definitely a strong start for us this year. Recruitment activity in our sectors was better than expected and our business responded well to the better market conditions. Let me again note though that recruitment activity overall is still well below normal levels, but with the growth in temporary staffing and recent employment gains in the US, the labor markets are on their way to recovery. As a result, we expect the recruitment market to steadily improve in the coming quarters, and given our investment in marketing and product development, we also expect our business to perform well.

I'd like to thank all of our employees for their continued focus and hard work. Thank you, all, for listening and let's open up the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). And your first question comes from the line of John Janedis from Wells Fargo. Please proceed.

John Janedis - *Wells Fargo Securities, LLC. - Analyst*

Hi, good morning and thank you. You guys seem to be one of the few players that aren't discounting openly on your own website and as you think about this recovery, is it your sense that competitive pricing environment is lessening and at what point, would you expect to be able to actually raise prices again?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Well, our price philosophy along the way has always been to try to maintain our pricing even when the market got a little bit more promotional, and I think we've done a pretty good job doing that. What we're seeing today is that pricing is basically the same today as it was, say, three and six months ago. We really haven't seen any change in the promotional environment. I do think that as the market tightens up, as things get better, there may be some opportunity for pricing but -- and we always, we experiment with pricing all the time, but it's certainly not part of our expectations right now, in our forecast right now.

John Janedis - *Wells Fargo Securities, LLC. - Analyst*

Okay, thanks. So in terms of the '10 budget, you were saying it's all volume driven and maybe some upsell?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

That's correct.

John Janedis - *Wells Fargo Securities, LLC. - Analyst*

Okay, thanks.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Sorry, volume and service levels.

John Janedis - *Wells Fargo Securities, LLC. - Analyst*

Sorry, okay, okay. And then Mike, just in terms of the deferred revenue, does that imply that you expect to end the year similar in like the low $40 million range?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yes. I wouldn't be specific to the number because it's in part driven by timing, but you can expect it would be higher than it is today, and I think low 40s is probably reasonable.

John Janedis - *Wells Fargo Securities, LLC. - Analyst*

Okay. Thank you.

Operator

And your next question comes from the line of Youssef Squali from Jefferies & Co. Please proceed.

Youssef Squali - *Jefferies & Company - Analyst*

Thank you very much. Two quick questions. Going back to the deferred revenue question, Mike, could you just explain a little bit or elaborate as to why it should be roughly flat in Q2, Q3 and only jump back in Q4? And then on the EFC side, could you share some information with us about maybe customer count at the end of the quarter and maybe what's happening to pricing at EFC, particularly in the UK? Thanks.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Sure. So the reason historically, it's been relatively flat in Q2 and Q3 is because those quarters tend to have a lower number of annual contracts up for renewal and in Q2 specifically, we tend not to sell nearly as many annual agreements in that quarter as we do in other quarters, including Q3 is slightly higher historically than Q2.

So if you have some renewal rate for the annual contracts with [a lot of renewal] and not a lot of new business in annual contracts, you get a relatively flat deferred revenue in Q2 and then into Q3. Q4 has a fair number of renewals. It's the highest quarter of renewals, so we book a lot of business as we did in Q4 of '09 and then first quarter, we have a fair amount of new business which generates deferred revenue.

On the customer count, we don't talk about the customer count specifically for eFinancialCareers, we only disclose it for Dice but we do have more customers to that than we had at the end of the year.

Youssef Squali - *Jefferies & Company - Analyst*

And in terms of pricing?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

On the pricing side, pricing is basically consistent with where it's been for four months now. We have seen service levels increase.

Youssef Squali - *Jefferies & Company - Analyst*

Alright. Okay, thank you.

Operator

And our next question comes from the line of James Janesky from Stifel Nicolaus. Please proceed.

James Janesky - *Stifel Nicolaus - Analyst*

Yes. Thank you. Good morning. Getting back to the deferred revenues, it seems as if the deferred revenues came in better than expected versus even when you did your last call from the fourth quarter. Would that be accurate?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Yes, that is accurate.

James Janesky - *Stifel Nicolaus - Analyst*

And that was done in February, so my question is -- I mean, did the business start to gain momentum and accelerate as the quarter progressed?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Yes, I mean it certainly continued to improve. I don't know if the improvement accelerated but the business continued to improve. I mentioned that we had a net customer growth in each of the months, which is not common even in relatively good times, there are times when it's relatively flat in a given month, so it did continue to improve.

One of the things about deferred revenue, and we did think it was important to give some detail about how it works for us because we do get asked a lot of questions about it, deferred revenue obviously is partially timing based. So booking a contract and billing somebody on the last day of a quarter versus the first day of the next quarter has no impact on the business, but does have an impact on deferred revenues. So I wouldn't overly focus on what the number literally is, I'd focus more on what the trend says.

James Janesky - *Stifel Nicolaus - Analyst*

Okay. And do you find that historically, when you are coming out of a downturn and especially a downturn of this magnitude that maybe the second and third quarters' seasonality would not be as pronounced and maybe instead of being flat, deferred revenues could be up in the second and third quarter or do you feel based upon current trends, at least in the second quarter that won't happen?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

I think we believe based on what we see today that, that won't happen and certainly could and did that coming out of the previous downturn in '04 -- coming out of '03 into '04 and '05, with one big distinction back then is that there was a fair amount of pricing change which drove contract size and deferred revenue into Q2 and Q3 which we're not forecasting today.

James Janesky - *Stifel Nicolaus - Analyst*

Okay. And then looking at the verticals, where do you see growth? For example, you mentioned small to medium-sized business, that is really kind of counter to the overall employment market, maybe it's small to medium-sized businesses within the IT world. But Scot, is the staffing vertical doing much better than permanent hiring or how should we look at that?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Yes, I think we were a bit surprised with the small and medium-sized customers driving a lot of the customer growth in the first quarter, just like you are. If you look at where it's coming from, it's actually a mix of direct hiring customers and small and medium-sized recruiters. I think if you want to take a sector split on it, you'll probably see a little more strength in staffing and a little more strength in financial services and technology.

James Janesky - *Stifel Nicolaus - Analyst*

Okay, great. Thank you.

Operator

And your next question comes from the line of Craig Huber from Access 342. Please proceed.

Craig Huber - *Access 342 - Analyst*

Yes, good morning, thank you. I likewise have a question on pricing. Out in the marketplace, what do you think your average competitors right now have been cutting price here versus a year or two ago? I mean what do guys hear out there to release contracts that you may lose on price?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

It's difficult to get a perfect read on price because everything that we gather is anecdotal. Things we hear from customers, things we hear from the sales team, but I would say that the pricing that we have today versus the pricing that we had maybe 18 or 24 months ago, there's probably a 30% to 35% change or drop.

Craig Huber - *Access 342 - Analyst*

From your [competitors stand], you're saying their pricing is fairly flat. Is that a fair statement?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

That's fair. We've made some changes with -- to accommodate customers in terms of service levels and in terms of the term of the contracts, so the length of the contract. We've done some special things there but the pricing has basically stayed the same.

Craig Huber - *Access 342 - Analyst*

Can I assume given your strategy how it's much difficult than your competitors, that you believe your competitors will have a pretty hard time recouping that 30% to 35% self-imposed drop in price?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Yes, our experience coming out of the last downturn was that it's very difficult to move pricing up. And when you are in conversations with customers, that's a difficult conversation to have. So I think it probably will take a little time.

Craig Huber - *Access 342 - Analyst*

I assume, you are saying that partly because it's not -- you can't invoice [say] much of the variable cost behind it to even justify a price increase, or when you have to [go out to] your customers?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

You are right on the cost structure; I mean customers always remember the last price that they had or the last price that they were quoted. And so you always want to make sure that that price is one that you're comfortable with as a company because that becomes the factor that's really going to determine what you can do with your customer going forward.

And so that's -- the pricing here -- our services overall -- if you look across the industry, our services overall deliver a tremendous amount of value for our customers and so we think they are highly valuable and we think we should garner a good price for it. And I think a lot of the conversations try to focus on that value, but customers generally remember the last quote, the last price.

Craig Huber - *Access 342 - Analyst*

And I have two follow-up questions if I could. Your cost of revenues line up roughly 15%.Can you just talk about why that would be up roughly 15%, your revenues were down 9% (inaudible) closer aligned?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Sure. Yes. They are not variable costs, so they are not really aligned as revenue moves. What's in there is customer support and the technology infrastructure together with a couple other things like the cost of a job fair. So the technology infrastructure is part of the investment we continue to make. We have maintenance agreements in software contracts that we've purchased or invested in that will help grow the business and support the increase in product development. So that's really what the change is.

Craig Huber - *Access 342 - Analyst*

(inaudible).

Operator

And your next question comes from the line of Jordan Rohan from Thomas Weisel Partners. Please proceed.

Jordan Rohan - *Thomas Weisel Partners - Analyst*

Thank you. Good morning. I am curious, you guys prepaid $15 million of your term loan because the -- and basically operating cash flow put you to a net cash position. Should we expect this to continue over the course of this year, particularly given the increased backlog or is there a chance of a share repurchase at lower levels assuming continued stock performance? Thank you.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Yes. So I think addressing them in reverse order, there is no chance of a stock repurchase this year. On debt repayment, we continue to try to balance between acquisition opportunities and debt repayment, which we've been relatively consistent about over the last couple of years. We continue to look for acquisition opportunities. We have conversations with people all the time, so there is a fair amount of flexibility. The one thing I would say about cash for debt repayments is the majority of our cash is outside the US and we have no intention currently of repatriating it. Currently, it's about two-thirds to three-quarters is outside the US. So it's the cash flow that we generate in the US but is available if we choose to repay the debt.

Jordan Rohan - *Thomas Weisel Partners - Analyst*

All right. Thank you very much.

Operator

And our next question comes from the line of Tim McHugh from William Blair & Company. Please proceed.

Tim McHugh - *William Blair & Company - Analyst*

Yes. Wondering if you can give a little more color on the customer additions in the first quarter. It sounded like the number of non-annual customers went up a little more than the annual did even in the quarter. Was that a factor of the small and medium-size businesses doing better or is there any other dynamics going on in the customer base right now?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

I think the one item that really drives that is the seasonality. We have very few short-term contracts that span year-end, because of the reduction in recruitment activity that happens towards the end of the year, so -- and I know we've talked about this a little bit before that we have very few one-month contracts which typically are about 10% of the customer base.

We have very few one-month contracts that get booked in December because recruiters aren't recruiting kind of spanning that period of time. So it's really more a seasonality item than it is any other change. Coming into the year, we always have some level of trial, right, so we don't give free trials. So we end up occasionally with new customers using shorter-term contracts to try out the service.

Tim McHugh - *William Blair & Company - Analyst*

Okay. And then the other thing is, can you give me an update on eFinancialCareers and kind of the efforts to broaden out the type of jobs and customer base there, both within the UK and the US?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Sure. The broadening effort that we started early last year has really taken hold across all the markets that we had. So if you look at the sectors that we cover and the job types that are available in all the regions across the world, whether it's Asia-Pacific or European countries or the US or the UK, you will see a much broader array of jobs available out there.

What's happened though as our customers have come back now and have renewed and renewed with higher service levels, a lot of that activity is in what I would call the core customer base for eFinancialCareers, which are the large banks and the large financial services institutions, so what's -- and staffing agencies. So what's come back have been the very traditional sell-side types of positions.

Tim McHugh - *William Blair & Company - Analyst*

Has the broadening had a significant impact, I guess, on the revenue or bookings levels there yet or is it more on the [posting effectively] that you are saying at this point?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

I think it's had some impact on bookings, in billings but not a major impact. The impact is much more on the breadth of the job types that are offered in.

Tim McHugh - *William Blair & Company - Analyst*

Okay, thank you.

Operator

And your next question comes from the line of Imran Khan from JPMorgan. Please proceed.

Imran Khan - *JPMorgan - Analyst*

Yes, hi, it's Imran from JPMorgan. Hey, I had a couple of questions. Can give us some color how much investment you are making outside your core [DSC and ESC] job sites like -- basically trying to get a sense how much investing you are making for AllHealthcareJobs and [others] outside your core vertical?

And secondly, I think Mike, you talked about that as new customers come in, they usually come in at a base level. Can you give us some insight? Because I think as the economy is improving, a lot of the customers are old customers who are churned up and coming back. Are they still coming at a base level or they are coming back at a higher level? Some insight on that will be very helpful. Thank you.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

So back to the first question about what kind of investment and how much investment are we making outside of the core, essentially the investment is coming in really three different areas. We're spending additionally on product development, you'll see that with the new AllHealthcareJobs site that will be launched in the next couple of months. We've increased the marketing spend, which has actually increased the traffic that you see. I think the traffic in AllHealthcareJobs is over 40% from what it was when we bought the service and is one of the most heavily trafficked healthcare specialty sites today.

And then we also invested in the management team and the sales staff. We hired a new manager, a terrific guy with many years of experience in nurse staffing coming to run that business for us and we've also built out the sales team. So it's the investments really coming in those areas. In terms of the amount of dollars, still you're probably looking at probably around $1 million overall in terms of investment.

Imran Khan - *JPMorgan - Analyst*

Got it. And with respect to the first question in terms of the customers that churned-up but coming back now, what kind of base level they are coming back?

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

Yeah, I think the answer -- fortunately or unfortunately, it's a whole range. I think the reference to base level is the majority of our customers' current and former are at the base level because the majority of the customers are small to mid-sized recruiting, staffing, and small direct hiring companies who don't have a need to use the service at any higher level than the base level of one user and five job slots. So, from a trend standpoint, I don't think there is much to be gleaned out of that because they are coming back at a level that we thought they would come back at. For entities that would use more than the base level service, I think we've seen a range.

Operator

(Operator Instructions). And your next question comes from the line of John Blackledge from Credit Suisse. Please proceed.

John Blackledge - *Credit Suisse - Analyst*

Thanks [for] taking the question. Just wondering if you guys could talk about competitive issues, mainly from social networks as we come out of the recession and as the recovery ensues. So can you just talk about potential market share losses given competition from the social networks? And also if you -- I don't know if you mentioned what the sales or bookings increase was in the first quarter and what's that tracking up for the year? Thanks.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Sure. On the question of social networks, I think you really have to look at it in sort of two chunks; there is many social networks out there on a global basis. Of course, you got the Facebooks and Bebos and others around the world which tend to be focused much more on social activity around people's personal life, and then you have LinkedIn and others around the world that are focused more on the professional life of people and are more professional profile database.

The former -- the socially oriented -- or personally oriented social networks, competitively, we really don't see much competition coming from there. In fact, we think that they are becoming a nice marketing and advertising platform for our services as well as other companies that are beginning to use those services. And we advertise and use those services today to find new jobseekers and to build our brands and introduce our brands out to the market.

On the LinkedIn or professional side of things, LinkedIn is definitely a competitor today in our market. They are a social sourcing tool. So they're a profiled database that allows recruiters to find individuals with certain backgrounds. So they are a good sourcing tool out there and certainly are having an impact on the industry and an impact on -- and taking share of the budgets that customers have. So I think what we're going to see is that LinkedIn and possibly others will have a piece of the industry, just like other competitors that we've seen over the years.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

And the answer to the billings question. So we will talk about billings. If you take the change in deferred revenue from year-over-year and the change in revenue, billings are up 17%.

John Blackledge - *Credit Suisse - Analyst*

[Okay], 17%. Is there one particular area where LinkedIn sites to follow up on? Is there any particular area like customer vertical where LinkedIn may have more of an impact or will they have more of an impact on the small, medium-sized business or doesn't matter, is it across all segments? Thanks.

Mike Durney - *Dice Holdings, Inc. - SVP, Finance and CFO*

I mean what we've heard from our customers and most of our customers and most recruiters today use LinkedIn and they use it in various ways. What we have heard back from the market is that LinkedIn is a good tool to find individual types of recruiting assignments and intends to not be as efficient of a tool to build your employment brand or to do any sort of volume-based recruiting. It tends to be -- at least what we've heard, it tends to deliver good results when you're finding mid to upper-level management individual but on a single recruiting type of assignment.

John Blackledge - *Credit Suisse - Analyst*

Thank you very much.

Operator

And your next question comes from the line of Jim Janesky from Stifel Nicolaus. Please proceed.

James Janesky - *Stifel Nicolaus - Analyst*

Yes, a quick follow-up question on the income statement. You had a change in acquisition-related contingencies of about $325,000. Did something change in your expected valuation or an earn out or was that a change in the discount rate? Could you just go into that quickly?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Sure. So that is a change in the assumptions. The earn out on AllHealthcareJobs is a two-year billings-based earn out. So some piece of it is a change in assumptions, some of it is timing based and some of it is probability based as the accounting rules require you to put probabilities on different ranges. One of the issues for us is given the way it stratified in the agreement, which I won't talk about specifically but the way it's stratified is, you have to put probability [weightings] around relatively narrow ranges and so we did that last year with no change; we did it this year and have a change for this period and the next period.

James Janesky - *Stifel Nicolaus - Analyst*

Okay. And then on the investment question, are you making any investments outside of AllHealthcare in any significant way or is that really where all the incremental investments are going?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Most of the investment actually is in our core products, additional marketing spend in Dice and eFinancialCareers, additional salespeople and certainly the additional product development spend which has been focused on the new Dice service, the new ClearanceJobs service and upgrades to the eFinancialCareers service.

James Janesky - *Stifel Nicolaus - Analyst*

Okay, great. Thank you.

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

I would now like to -- there are no further questions. I would now like to turn the call back over to Ms. Jennifer Bewley, Director of Investor Relations. Please proceed.

Jennifer Bewley - *Dice Holdings, Inc. - Director, IR*

Marsha, there was one last question I think from Craig Huber. He got cut off. He said he had two more and we only heard one. So Craig, (Operator Instructions).

Operator

Please proceed.

Craig Huber - *Access 342 - Analyst*

Yes, thank you, Craig Huber. I did want to ask early in your commentary, you mentioned that resume searches were up year-over-year. Can you give us a sort of a range or roughly how much are we seeing the resume searches were up in the first quarter and a year ago?

Scot Melland - *Dice Holdings, Inc. - President, CEO and Chairman*

Most of the -- if I had to describe what the curve looks like, the searches were descending from the first to the second quarter of last year. We bottomed out in the second quarter and then third, fourth and now first quarter of '10, we've seen solid increases year-over-year. I don't have the exact percentage but it's probably very close to the increase in the job count, which was over 30%.

Craig Huber - *Access 342 - Analyst*

Okay, great. Thanks for taking that last question.

Jennifer Bewley - *Dice Holdings, Inc. - Director, IR*

So, thank you, everyone 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. Thank you very much.

Operator

Thank you for your participation in today's conference. This concludes the presentation, you may now disconnect. Have a great day.