FINAL TRANSCRIPT

Thomson StreetEvents℠

DHX - Q3 2009 Dice Holdings, Inc Earnings Conference Call

Event Date/Time: Oct. 21. 2009 / 12:30PM GMT

THOMSON REUTERS

CORPORATE PARTICIPANTS

Jennifer Bewley
Dice Holdings, Inc. - Director - IR

Scot Melland
Dice Holdings, Inc. - President, CEO

Michael Durney
Dice Holdings, Inc. - SVP - Finance, CFO

CONFERENCE CALL PARTICIPANTS

Christa Quarles
Thomas Weisel Partners - Analyst

Imran Khan
JP Morgan - Analyst

Sandeep Saudia
Jefferies & Co. - Analyst

Brandon Matrano
Wells Fargo Securities - Analyst

Joe Alcaer
William Blair & Company - Analyst

John Blackledge
Credit Suisse - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Third Quarter 2009 Dice Holdings Inc. Earnings Conference Call. My name is Chanelle and I'll be your operator for today. At this time, all participants are in listen only mode. Later we will conduct a question and answer session.

(Operating Instructions)

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

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

Thanks, Chanelle, 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, SVP of Finance and CFO.

Please note this morning we issued a press release describing the company's results for the third quarter of 2009. 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 10K in the sections entitled 'Risk Factors', 'Forward-looking Statements,' and 'Management's Discussion and Analysis of Financial Conditions 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 reconciliation to the most comparable GAAP measures, please refer to our earnings release and our Form 8K that has been furnished to the SEC both of which are available on our website. With that I'll turn the call over to Scot.

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

Thank you, Jennifer. First let me welcome all of you to the Dice Holdings Third Quarter 2009 Conference Call. I'll start today by briefly discussing the quarter, including our perspective on current 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 will make a few closing remarks, and then we'll open the call for questions. Now for the third quarter. The quarter shaped up a bit differently than we anticipated when we spoke with you in July. The worldwide recruitment market appears to be leveling out, albeit at a considerably lower level of activity than in prior years.

During the quarter, worldwide revenues declined 33% to $26.7 million. Our US-based businesses declined 30% year over year, while our international business was down 41% year over year, including the impact of currency translation.

Top line performance in the quarter was ahead of our July expectations, driven by higher than expected renewal rates and new business activity. This resulted in higher profitability as the incremental revenue dropped straight to our bottom line, delivering adjusted EBITDA margins of 45%.

In the US, the tone of our customer conversations improved during the quarter as some of our customers and prospects became more optimistic about the overall business climate and began to selectively recruit. This tentative shift in customer activity is evident in a couple of ways.

First, recruitment package customers searched the Dice.com resume database more frequently in the third quarter than we have seen in either of this year's previous quarters. In addition, the Dice.com job count is now higher than where it stood at the beginning of the year in two large and important markets -- New York and Silicon Valley. As we have said before, the job count is not a perfect measure of our business in the short term, but it is a good directional indicator over the long term.

Both of these trends are encouraging signs that the market for tech professionals appears to be improving. Outside the US, in the third quarter we saw signs of improvement in the UK, our largest market, and in Asia, with fewer customer cancellations and downgrades of service. However, continental Europe and the Middle East remain weak.

So overall, we continue to believe that improvement in the labor markets will lag improvement in the general economy. Likewise, there is a second lag between broad improvement in the market and our customers' need for additional service from us. So while we are seeing encouraging signs and the environment is definitely better today than it was earlier in the year, we have yet to see a true turn in the market or in our business.

Moving on to our specific services, at Dice.com traffic grew 16% year over year in the third quarter with registrations and applications also up strongly year over year. Every month, Dice.com receives more than 2.2 million unique visitors. To put this in perspective, this means that recruiters and hiring managers can reach about a third of US technology professionals each month through Dice, making Dice.com one of the most efficient ways to reach this audience on a regular basis.

In addition, this quarter we made it easier for our customers to find valuable, passive candidates who use our service, a significant advantage for Dice. We introduced new functionality which split the resume database between active and passive tech professionals, enabling recruiters to easily tab between the different types of candidates.

This has highlighted hundreds of thousands of passive candidates which could have been missed in many recruiter searches since typical recruiter behavior is to search only those candidates who have posted or updated their resumes in the last 90 days.

The tabbing of the resume database prompts recruiters to search the full Dice community and has been well received by customers with many reporting that it has been very helpful in their recruiting efforts. But most importantly, they are contacting candidates through our service which they may not have found otherwise.

As we move forward into 2010, we will continue to work on highlighting the quality and uniqueness of our community through further product development and marketing activity. At eFinancialCareers, local applications per job we up again year over year and the resume database continues to grow well offering profiles on over half a million financial service professionals on a global basis.

After the significant fall in recruiting activity following the collapse of Lehman Brothers last year and the continued reductions through the first half of this year, we are now seeing a leveling off of recruiting activity. Some sectors have actually seen some growth. For example, fixed income, credit and trading areas on EFC each had more jobs posted to them in September than in January of this year.

At a recent customer event in London a few weeks ago, I was struck by the difference in sentiment amongst the 80 recruiters and HR managers in attendance. All were busier today than earlier in the year and one described his staffing agency as being full out. This confidence stands in stark contrast to the fear we heard only nine months ago.

On the healthcare front, we continue to be very excited about our opportunity in healthcare. We currently have several customer trials underway at AllHeathcareJobs, including a handful that includes some of the premium healthcare providers in the country. Trials are often necessary, in some cases because the prospect has never considered using a niche service before, and in other cases because past experiences have been disappointing.

We have had some early successes with customers making hires through our site, and as part of the trials, the participants share their feedback with us on performance, our product and our community. We have also been quite successful in growing our healthcare community, albeit from a very small base. Unique visitors, registrations and the resume database have all grown significantly in the past quarter.

What we have learned in this first full quarter of operating the business will help us shape the future of AllHealthcareJobs as we continue to invest in both marketing and product development with the goal of making AHJ the go to place for healthcare professionals.

Finally, for more than a year, we've managed through a difficult market without sacrificing service to our customers. We continue to move the company forward through product innovation and strategic investments, including our recent entry into the healthcare vertical, while also delivering profitability and strengthening our balance sheet.

With the most difficult part of the cycle potentially behind us, you should expect us to increase investment in our key services going forward as we look to make the most of the recovery. With that I'll turn it over to Mike to go through our financial performance in greater detail.

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

Thanks, Scot, and thanks to everyone for taking the time to join our call today. Revenues for the third quarter declined 33% year over year to $26.7 million. If you neutralize the currency translation impact, revenues declined 31% year over year. Overall, the environment is clearly less bad and there's some pluses and minuses across the businesses that create a more mixed picture that we expected in July.

Looking at the individual segments and starting with the DCS online segment, revenues declined 29% to $19.5 million. One positive sign is that new business of Dice grew sequentially from Q2 to Q3 which has not been a normal seasonal pattern.

In Q3, the renewal rate on our annual contracts at Dice was approximately 60%, up from the 52.5% rate in the first half -- improved, but still not good overall. Our customer count continued to decline in Q3 although at a more moderate pace than our experience in the first two quarters of the year. The September 30 count was 6,300, down from 6,450 at June 30.

Of those 6,300 recruitment package customers, about 82% are under annual contract. That percentage is slightly lower than normal and reflects in part the impact of the shorter term contracts that we sold as now until the end of the year which we'll put in place near the end of Q2. And the average length of contracts at September 30 is 10.6 months.

Renewal customers and, in particular, the large customers, are continuing just their level of service downward. This continues to negatively impact the average revenue per customer per month which was $815 in Q3, down from the second quarter's $836 per month, and down 4% from last year. Rounding out the DCS online segment, the best performing business this year has been clearance jobs where revenue increased 32% in the third quarter.

Switching to overseas, our eFinancialCareers segment, revenues declined 41% to $5.8 million in US dollars, or a decline of 32% in pound sterling. So measured in sterling, each of the eFinancialCareers regions declined year over year by about one third with Asia Pacific slightly better or less worse, down 31%.

However, the tone and trends in each of them is slightly different. In the UK, we've seen gradual improvement in recruitment activity out of the sell side customer base and a small number of service level upgrades, and there we no major cancellations of service in the quarter.

In continental Europe and the Middle East, the downturn in our business was felt later in continental Europe and we expect it to take longer to return. We have yet to see a meaningful change in recruitment activity on the continent.

In Asia Pacific, there are some signs of increased activity, specifically from agency clients, but there is not a lot of confidence yet to sign longer term deals. Overall, our sense is that it will take some period of time of increased mandates by the agencies' clients and revenue generation from placements in order for the uncertainty to truly be lifted.

Overall, the sequential performance of this segment was helped by the distribution of our annual careers in financial markets, publications in the UK and Europe which generated about GBP180,000 or $300,000 which was down about one third in revenue from the 2008 edition. From a trend standpoint, excluding the revenue impact of that publication, the UK was down 2% from Q2, Europe and Middle East was down 18%, and Asia Pacific was up 15% -- all sequentially.

The North American business for eFinancialCareers is reported as part of the other segment, which segment overall declined 43% year over year to $1.5 million. While eFinancialCareers in North America is a small operation for us, it appears as though there may be some early signs of stabilization here. In the US, the eFinancialCareers business added customers in each month of the quarter -- a first since the downturn began.

Slightly higher revenue than we expected in July has dropped straight through to the adjusted EBITDA line and with other cost savings helped us yield margins of 45% in the quarter at the high end of our long term range.

We have continued to be vigilant on cost in this environment, managing our key discretionary expense in sales and marketing which declined $6.1 million or 42% from the previous year, and was the primary contributor to the $7.8 million decline in total operating expenses. Overall, operating expenses were down sequentially from Q2, even with the small investment in AllHealthcareJobs.

Our actions during this recession have minimized the negative impacts to our company and our shareholders. As we've said many times, from recruitment activity returns, we will need to match that need with additional investment. Prudently funding our brands is necessary to keep the businesses innovative and competitive and drive value for both job seekers and customers.

Net income for the quarter totaled $3 million or $0.05 per diluted share which includes a pretax mark to market gain of $294,000 from our interest rate swaps. This compares to $6.4 million of net income or $0.10 per diluted share in last year's third quarter.

Moving on to cash generation, on the balance sheet we generated $5.4 million in cash from operations this quarter, and free cash flow of $4.8 million. Deferred revenue was $31.6 million at September 30, down 9% from June 30. And net debt, which we define as total debt less cash and equivalents in mark up securities, was $6.3 million at September 30 compared to $11.6 million at June 30.

So to sum up where we are, last quarter we talked about a couple of less bad signs and that list has gotten a little bit longer this quarter. New business grew at Dice sequentially and that's not just less bad, it's good and unusual for this time of year although off a depressed base in Q2. That's offset by a decline in customer count. Our renewal rate on annual contracts improved to 60%, but it's still too low.

For EFC, UK and Asia Pacific saw a mild improvements and the US add to customers this quarter, but we're still down year over year. And continental Europe and the Middle East are struggling. Overall though, the two fundamental elements of our business level were apparent once again in the third quarter -- high levels of profitability and strong cash flow, and this gives us tremendous flexibility to position the company for the long term and to take full advantage of our market opportunity.

So moving on to outlook for the rest of the year, we anticipate revenues in the fourth quarter of approximately $25 million. Q4 historically has a slightly larger renewal book of annual contracts from the other quarters, specifically in the Dice business.

This year, given the addition of selling contracts that are good until the end of the year, we have approximately 2,500 contracts up for renewal in Q4 of which 250 or so are the shorter term contracts that expire on December 31. So while there's no Q4 impact on revenue for the renewal of those contracts, we do expect with the typical seasonal pattern of reduction in the year on customer count will be slightly more pronounced this year than in the past.

On the cost side, we expect a slightly seasonal step down in sales and marketing to $8 million and adjusted EBITDA of $10 million. So for the year, we now expect revenues of just over $108 million, up from our July expectation of $106 million, and now expect adjusted EBITDA of slightly more than $48 million, up from our $45 million estimate in July.

Our business model has served us well during the downturn. In 2008, we anticipated the turn and made decisions that worked towards balancing the marketplace, reducing our costs, and delivering adjusted EBITDA margins consistently north of 40% and, of course, generating cash and paying down debt.

The same is true as we prepare for an up cycle -- hopefully. We will try to anticipate the turn, making investments to further our innovation, continuing to balance the marketplace, and better positioning the company and services for the future.

We know that when there is an upturn in the employment environment, there will be a lag in our revenue generations so we would expect to see a slight reduction in our EBITDA margins in the short term, but not terribly different from our long term target range. And so with that, I'll turn it back to Scot.

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

Thanks, Mike. Let me conclude today with a couple of thoughts. During the quarter, we did see a leveling off of the downward trend in recruitment activity and, as you can see, our business responded performing better than expected.

The signs we are seeing in most of our markets are encouraging, but we are not out of the woods yet. We believe that we will need to see sustained economic growth before we return to normal recruitment activity levels.

This doesn't mean, however, that we need to see a significant reduction in unemployment. It does mean that professionals need to feel confident enough in the economy to move from company to company, and companies need to feel confident enough in their businesses to fill their open positions.

Finally, I'd like to formally welcome Amanda Siegel to our board of directors. Amanda is a principal at Quadrangle Groups media and communications practice and she has significant experience in working with companies like ours. We look forward to working with Amanda going forward. Thank you all for listening. Now let's open up the call for some questions.

QUESTIONS AND ANSWERS

Operator

(Operating Instructions)

Your first question comes from the line of Christa Quarles of Thomas Weisel Partners.

Christa Quarles - *Thomas Weisel Partners - Analyst*

Hi, guys. First, I was wondering if you could just illuminate the out performance. Did it happen sort of more uniform across the quarter? Did September get meaningfully better? I'm just trying to get a sense as to whether this is has been sort of a consistent improvement relative to your expectations.

And then I was wondering if you could also address the deferred revenue down 30%, but down 9% sequentially which you would expect from a seasonal standpoint. But then you had the out performance seasonally, or quarter on quarter this quarter. So I'm just trying to understand your interpretation as to the deferred revenue performance. Thanks.

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

Well, I think if you look at the third quarter, we definitely had stronger performance in the business at the end of the third quarter than at the beginning of the third quarter. And so that was a trend that we saw moving through those months.

Now some of that, as you know, as you go back, as you end the summer and you go back into the fall, there is a normal seasonal up tick, but I think it was a little bit better obviously than we expected.

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

Yes, I think specifically if you look back to July, we thought we were slightly less bad but had no ideal what the summer would bring given the performance over the last year or so. So I think the out performance based on what we thought in July really is a combination of the summer season not being as bad as we thought it might be and then an up tick in the second half of the quarter.

On the deferred revenue question, I mean I think it fits with where we thought it would be. We have a fair number of contracts that expire in Q4 as we always do, just slightly more this year because of some of the products that we sold during the year. So I don't think we read any more or less into where we are from a September 30 balance than other quarters this year.

Christa Quarles - *Thomas Weisel Partners - Analyst*

Got it. Thank you.

Operator

Your next question comes from the line Imran Khan of JP Morgan.

Imran Khan - *JP Morgan - Analyst*

Yes, hi. Thank you for taking my questions. Two questions. First, I think you managed the margins nicely during this downturn. I think that third quarter margins came in at the high end of your long term margins target of 45%. As other things getting better and you were going to invest in the business, how should I think about the margins over the next couple of quarters?

Are you planning to come into the low end of your high end long term target? Can you give us some more color on that? And where do you plan to invest -- if you can give us some color -- the areas that you think that an opportunity to invest more? Secondly, in terms of the capital market business, I sense that the capital market business is picking up a little bit. Can you give us some color? What are you doing to bring the eFinancialCareers business to build that business in the US farther? Thank you.

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

Okay, so if we take them in order, I think on the margin, I guess we appreciate everybody saying that we managed the business to an EBITDA margin in that range. I don't think we literally managed it that way, it's just the way it comes about. We managed the flow and the interaction between the two sides of the equation effectively.

But, I think if you look in the mid-term, so not the immediately term but the mid-term, you should expect to see our margins in the range that we've historically said which is low forties to 45%. Except in certain periods if we see an up turn you might see from the lag in revenue recognition margins that are slightly below 40%, but not -- we believe not for a long period and not terribly below that range. So I would think about it kind of broadly as possibly in short periods of time in the thirties, but not below.

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

Now on the question of where to invest, we're really focused on two areas. The first is product development. There has been a lot of innovation in our industry. We see opportunity to -- you know, as you saw in this quarter, we did a little -- elegant, little feature innovation that's paying off nicely in terms of customer satisfaction.

We see more opportunity for some changes in how our service presents candidates to companies and how we put our candidates in front of companies in more of a relationship type way. So you can expect us to invest in product development on a go forward basis. And the other area is marketing. As Mike has mentioned in the past, if we see opportunity and we see the market starting to turn, we're going to spend money in marketing to make the most of it.

On the capital markets question, it's interesting what's going on from our perspective in capital markets, we really do see differences in different country markets around the world. It does appear that the UK is getting better. It also appears that Asia is getting better, although Asia probably never got as worse as the rest of the world, and potentially the US But continental Europe is definitely lagging as well as the Middle East.

And then there are sectors of -- or pockets of strengthening in some of the hiring. I still think we are in -- you know, if assume that things are starting to come back, we are definitely in the early stages of that, where the hiring tends to be very selective and the -- a lot of it is focused on very senior level positions.

Imran Khan - *JP Morgan - Analyst*

Great, thank you.

Operator

Your next question comes from the line of Youssef Squali of Jefferies & Co.

Sandeep Saudia - *Jefferies & Co. - Analyst*

Hi, good morning. This [Sandeep Saudia] on behalf of Youssef. Thanks for taking our questions.

Just a couple of questions. You just mentioned the continental Europe. Now it used to be that the US markets trailed Europe, but at least in the third quarter we see some signs that EFC is doing sequentially better. So we're just wondering if this is purely driven by FX impact or are you seeing Europe troughing early versus the US markets? And then I have a follow up.

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

So the answer on sequential is two fold. One, it is FX and two, it is the distribution of our careers and financial markets publication as I referred to earlier which each year is distributed in either September or October and this year it was in September. So that has an impact in continental Europe of about GBP100,000.

Sandeep Saudia - *Jefferies & Co. - Analyst*

Okay. And then there was a question about the differed revenue down [9%] from last quarter, but renewal rate is up -- it's improving to 60%. So is there some kind of a pricing pressure here? Any color on how the environment is promotional? Are you holding your pricing points?

THOMSON REUTERS

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

Yes, I think the answer -- I'll let Scot comment on pricing -- but I think the answer on deferred revenue is it is a point in time. There are more contracts that are up for renewal in Q4 than any other quarter.

We generate a lot of new business in Q1 and so what comes out of Q2 and Q3 is typically lower than the other periods. That does have an impact on the deferred revenue balance because to some extent you have -- as I mentioned there are 2,500 contracts up for renewal in Q4 and those are of all periods a month, three months, the good to the end of the year contracts, and then obviously the annual contracts that are generally on a calendar year basis.

So the balance at September 30th really should be focused on it's just a point in time and not necessarily indicative of pricing. It is impacted slightly this year -- and I emphasize slightly -- by these 250 or so contracts that we have from Q2 and Q3 that were sold to expire on December 31st.

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

You know, on the pricing question, it continues to be fairly promotional out there in the market. We have tried to be very disciplined in terms of pricing because we fully believe that that's the right way to go, especially for the long term in the business.

We have shown flexibility -- as Mike pointed out -- in the length of contracts understanding that customers may not have as much visibility into their business as they've had in the past. But the pricing itself, it is promotional out there. I wouldn't say that the third quarter was a whole lot more promotional than what we've seen over the last previous two quarters, but it's definitely more aggressive pricing than we've seen in the last few years.

Sandeep Saudia - *Jefferies & Co. - Analyst*

Just a follow up. Would you expect the differed revenue to start reversing in the fourth quarter or start going again?

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

No, I wouldn't expect it to reverse because there's a fair number of contracts that expire in the fourth quarter that potentially get renewed in the beginning of 2010. And so again, from focusing on deferred revenue as a point in time, it is likely that deferred revenue will be lower at the end of the year than it is at September 30th. I would expect that trend to reverse some time in 2010.

Sandeep Saudia - *Jefferies & Co. - Analyst*

Okay, that's helpful. Thank you.

Operator

Your next question comes from the line of John Janedis from Wells Fargo Securities.

Brandon Matrano - *Wells Fargo Securities - Analyst*

Hi, good morning. This is [Brandon Matrano] for John. I was wondering if you could provide some commentary about what you are seeing from the staffing and recruiting companies just in terms of an early indicator of a turn?

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

You know, really I guess I would characterize what's going on with staffing and recruiting customers of ours is that it's -- the -- it really depends upon who we're talking about. It's mixed. I would say it's mixed across the group.

I think historically we would expect to see strength in that staffing and recruiting segment as a recovery comes and takes hold. We'd expect to see strength there. I think what we're seeing today is we're seeing a lot of mixed depending upon how large the player is and how global they are and what mix of business they have in various verticals, so really not a strong message one way or another there.

Brandon Matrano - *Wells Fargo Securities - Analyst*

Okay, thank you.

Operator

(Operating Instructions)

Your next question comes from the line of [Joe Alcaer] of William Blair & Company.

Joe Alcaer - *William Blair & Company - Analyst*

Hi, guys. The last few quarters, you've talked about expanding EFC into other verticals. I'm just wondering how that's going. Has that led to some increase in new customers maybe over the past few months?

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

You're right. Part of what we've been doing this year is broadening the coverage of the eFinancialCareers service. So historically it has been a capital markets focused service, and we opened it up to positions in corporations and non-profits and other related sectors.

We continue to -- you know, that part of the business is continuing. I would say that it's not a huge part of the business and the better performance that we're seeing is really being driven by this sort of the core or the historically core customers that we've had in that business.

I think we still see a lot of potential in the broadening of eFinancialCareers. I think the market conditions today are making it difficult to really have that part of the business take off. So in terms of the third quarter and positive things that we saw in parts of that EFC business, it was really driven by the traditionally -- the traditional customers -- the core customers.

Joe Alcaer - *William Blair & Company - Analyst*

Okay. And then just more broadly, I'm just wondering if there's a point in the cycle here where we begin -- you begin to vest more aggressively ahead of an improvement in demand and, if so, what types of things do you need to see in order to begin doing that? And are you beginning to see those types of things now? Any color there would be helpful.

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

I think if we could perfectly time everything what we would do is we would invest in marketing and in our sales infrastructure and customer marketing and all sorts of things in advance of a true turn. Whatever we do, we won't get it perfect.

I think where we are today is that we've seen a leveling off of the drop in the marketplace and I think what that does then is that gives us the confidence to move forward on some things that we want to move forward on -- like product development and some marketing activities that we held off on or maybe delayed because we wanted to see how the market was unfolding.

So -- I mean we look for things -- we look for signs to kind of perfectly time our investment. You know, we probably won't get it right, but we're trying to -- I think now is the time, as you see in some of our comments, that we're going to start to invest more in product development and some marketing programs.

Joe Alcaer - *William Blair & Company - Analyst*

Okay, thank you.

Operator

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

John Blackledge - *Credit Suisse - Analyst*

Thanks for taking the question. Just one question. So despite the better than expected quarter and the fact that we saw sequential revenue declines continue to decelerate 3Q versus 2Q, 2Q versus 1Q, et cetera., you expect to see an acceleration in sequential revenue declines at 4Q versus 3Q. So I'm just wondering what the driver is there and is there upside here because the trend seems to suggest just the opposite?

Michael Durney - *Dice Holdings, Inc. - SVP - Finance, CFO*

Yes, so I think that there's a couple things in there. One is there is -- and probably the driver -- the biggest driver is seasonality, so there is some seasonality certainly to the EFC business. Historically there's very little activity and that's much more of a spot business than the US businesses are. We saw that in Q4 of last year. We saw it in Q4 the year before, masked probably last year by the overall economic environment.

Two is that there is some assumption on exchange rate that has an impact versus where we are. And I hate to keep coming back to it, but the careers and financial markets which is $300,000 since we're talking about hundreds of thousands of dollars sequentially, has an impact sequentially. I think the answer to the question is there's upside -- I think if we perform better than we think, there's upside and that's the way I would view it. We tell you what we think. That is what we think at the moment.

John Blackledge - *Credit Suisse - Analyst*

Thank you.

Operator

That concludes the Q&A session. I would now like to turn the call back over to Jennifer Bewley.

Jennifer Bewley - *Dice Holdings, Inc. - 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 the investor relations line 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.