FINAL TRANSCRIPT

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DHX - Q2 2010 Dice Holdings, Inc Earnings Conference Call

Event Date/Time: Jul. 27. 2010 / 12:30PM GMT

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PRESENTATION

Operator

Good day, ladies and gentlemen and welcome to the second-quarter 2010 Dice Holdings, Inc. earnings conference call. My name is Janetta, and I will be your operator for today. (Operator 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 - Director IR*

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 second 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 would like to note that today's call includes certain forward-looking statements, particularly statements regarding the 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 economics, 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 Conditions and Results of Operations.

The Company is under no obligation to update any forward-looking statement, except as required by federal securities laws. Today's call also includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margins, 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 will turn the call over to Scot.

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

Good morning everyone and welcome to the Dice Holdings second-quarter 2010 conference call. I will start today by briefly discussing our second quarter, including the launches of our new career websites. Then I will hand it over to Mike Durney, our CFO, take you through our financial performance. After Mike, I will make a few closing remarks, and then we will open up the call for questions.

Now for the second quarter. Throughout the quarter we saw steady improvement in the recruitment market. This recovery, combined with our leading positions in technology and financial services recruiting, resulted in a very strong quarter of performance. In Q2 worldwide revenues grew 11% year-over-year to just under $30 million, giving us our first year-over-year increase in revenues since the third quarter of 2008.

Customer billings grew even faster on a year-over-year basis, which is partially reflected in the growth of our deferred revenue. Profitability remained solid with adjusted EBITDA margins of 38%. And we generated more than $10 million in cash from operations for the second quarter in a row.

These results, I think, reflect the health of our recruiting verticals, as well as the strength of our professional communities and our customer relationships. In North America we again saw an increase in recruiting activity in each of our professional sectors. And the amount of new business booked was unusually high for a second quarter.

At Dice.com the number of recruitment package customers grew sequentially, driven primarily by small and medium-sized customers, although we are now seeing signs that recruiting is increasing at larger direct hiring companies.

Nearly 40% of the recruitment packages sold in Q2 were to brand-new customers. These are prospects that have never used our service before. This is encouraging because it shows that along with winning back our inactive customers we are continuing to penetrate the market opportunity.

Also, recruiting activity on the site continued to grow. The job count is now 36% higher than a year ago, and the number of database searches and resume views increased again in the quarter.

Outside of North America we saw increased financial services recruiting in each of our geographic markets, especially by our sell-side banking customers and staffing agencies. We are starting to hear some rumblings of talent shortages and stories of losing candidates to the competition, both of which are good signs for continued recovery in that sector.

Asia, in particular, has rebounded strongly, as our investments over the past few years to expand in the region continue to pay off. In a very strong quarter for eFinancialCareers across the board, Asia-Pacific was the standout, with 86% year-over-year revenue growth as measured in pounds sterling.

New business at eFinancialCareers continue to be strong, driven by service level upgrades and increasing interest from the buy-side. Additionally, some finance services customers are exhausting their packages more quickly than anticipated, driving some midyear upgrades.

So overall our performance in the quarter was strong. We are bringing back old customers as well as winning new ones, and our services are clearly performing well for them. We have not seen any impact on our business due to the European debt crisis. And despite some uncertain economic news, recruiting in our sectors continues to grow.

One of the strategic priorities for 2010 has been to upgrade our services to address the evolving recruitment marketplace. You have seen the investments we have made over the past few quarters. In Q2 we delivered some of the results.

In June we released a completely new AllHealthcareJobs career site, including a new look and feel, improved search technology, unique editorial and other features. The new product is based on the Dice.com platform, and initial feedback has been strongly positive. Since launch we have seen an increase in unique visitors to the site, registrations and applications, as the new site is much easier for healthcare professionals to use.

We have also signed three of the top 10 healthcare facilities in the country, the Mayo Clinic, the Cleveland clinic, and the Barnes Jewish Hospital in St. Louis. The opportunity in healthcare recruiting is very large, and we now have both a tremendous community of healthcare professionals, as well as a great website to serve their career needs.

Also in June we launched the redesigned ClearanceJobs site. This also included a new look and feel, as well as improved functionality, and initial feedback from jobseekers has been outstanding. While still early, 9 out of 10 professionals currently using the site said that they were likely or very likely to recommend the new site to a friend.

One of the factors driving this positive response is that the new site includes the ClearanceJobs' Cleared Network. This is the first implementation of our Talent Network's functionality, which we just launched this past week on Dice.com.

Let me take a few minutes here to discuss the Talent Network's initiative in more detail, and why it is important to enhance our services in this way. For years our customers have used our targeted career sites to find and recruit highly skilled professionals.

Most of that recruiting took the form of job postings, applications and resume profile searches, with a little bit of networking and online interaction mixed in. This has been very effective in generating quality candidates it ultimately hires for our customers, but it is focused largely on discrete searches without much direct interaction between the recruiter and the candidate or any sort of long-term relationship building.

As recruiting becomes more challenging, as we believe it will in the next coming months and years, we felt it was important to offer our clients an other effective way to reach out to qualified candidates and to build their employment brand. Our Talent Network has accomplished this by bringing together the targeted audience and efficiency of our career sites, with the one-to-one connectivity and communications capability of social networking. It is really the best of both worlds.

Through our Talent Networks recruiters and hiring companies can create networks of professionals interested in their companies and opportunities. They can engage those Talent Networks in conversations, either on a one-to-one or one-to-many basis. They can deliver company specific content to them, and they will be able to build both their employment brand and bench of talent over time.

The professionals who use our sites can follow companies they are interested in, receiving updates and other information, connect with companies and recruiters they wish to engage with, and target their resumes to companies where they want to work, giving them greater control over their personal information and Web identity.

The professionals can also create a robust online profile by adding links to their social networking pages, blogs or personal webpages to their Dice profile, presenting a richer view of themselves and their career achievements.

One of the key benefits of our Talent Networks is that, unlike the social networking services, recruiters and hiring companies will be able to create these talent networks within our targeted Dice Holdings communities, reaching audiences that are already filtered for the highly skilled professionals they are looking for, and filled with professionals that are career minded and open to hearing about opportunities and networking. This is a very powerful combination.

A security cleared professional using the Cleared Network put it well. I really like the fact that I can be face-to-face with potential employers and they can do the same. It is a personal touch. Another noted, time is a critical asset. The Cleared Network maximizes every minute of the job search process.

It is clear to us that the Talent Networks are a benefit to our customers and professionals, so we plan to add this functionality to all of our career sites over time.

So overall Q2 was another strong quarter for our Company. The market continued to improve, and we were able to take advantage of it by growing our customer base, our billings and our revenue. We also had two successful product launches, so all this should make for a promising second half of the year.

Now let me turn it over to Mike Durney.

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

Good morning everyone. The results in Q2 demonstrate the continuing improvement we have seen over the past few quarters. And for the first time since 2008 it is now reflected in our year-over-year revenue growth. Overall revenue grew 11% from $27 million to $29.9 million, as Scot mentioned, the first year-over-year growth since the third quarter of 2008.

On an apples-to-apples basis, reflecting the impact of AllHealthcareJobs for a full quarter, the WorldwideWorker acquisition, the impact of the wind down of JobsintheMoney and the negative impact from currency translation, revenue still grew 11% year-over-year.

Billings in the quarter increased 37% over the second quarter of 2009, compared to 17% increase in Q1. The impact of AllHealthcareJobs and WorldwideWorker added about 2 percentage points to that increase.

Adjusted EBITDA totaled $11.3 million or 38% of revenues, and net income totaled $3.7 million, or $0.05 per diluted share.

Now let's review the segment details. Starting with the DCS Online segment, revenues grew 6% to $21.3 million, the first time this segment has posted year-over-year revenue growth since the third quarter of 2008. Revenue growth at Dice, as well as continued strong growth from ClearanceJobs contributed.

At Dice new business more than doubled from last year's second quarter and increased sequentially from the first quarter. The significance of which is that historically the first quarter is the highest new business period of the year.

To put that into some perspective, from 2005 to 2009 the average decline in new business from the first quarter to the second quarter was over 10%, and never in those years did new business actually increase from the first to the second.

Outside of the current recruitment market improvements, there are two likely decisions that we made during the downturn which are helping to drive this result. First, we stayed in front of our inactive customers and prospects, even if they didn't have a current need to recruit, through our marketing efforts, salesforce and customer support.

We continued to make this investment as we e fully expected to get those customers back when the need to recruit returned. And certainly the second quarter new business reflect that decision.

The second factor was our decision to hold on pricing. Our service delivers significant value to customers, and while price may be an issue for some, we believe it to be a minority. This pricing discipline allows us to bring customers onto the service at a price that recognizes the value of our communities.

Looking more closely at customer metrics, recruitment package customers increased during the quarter by 350 to 6,750 on June 30. 84%, or about 5,650, recruitment package customers are under annual agreement, reflecting an increase of 300 annual contracts.

The renewal rate on annual contracts crept up to 76% in the second quarter from 75% in the first quarter. This renewal rate continues to sit in our historic range of 72% to 78%.

Average revenue per customer per month was $825, up from $815 in the first quarter, although still down from $836 in the second quarter of last year. We saw more customers upgrade their Dice service upon renewal in the second quarter than in the first.

So to sum up the Dice business, the new business activity this quarter was excellent. And while still below pre-recession levels, each metric -- customer count, average monthly revenue, renewal rate and customer activity levels continued to move in the right direction.

Moving to eFinancialCareers, segment revenues increased 23% year-over-year to $6.7 million and 28% as measured in pounds sterling, which as always I will use to describe the underlying businesses.

In the UK, our largest market, revenues grew 23% year-over-year. Market sentiment remains positive and the recruitment trends are broadening. On the site there are 35 categories where customers can post jobs. Categories like foreign exchange, debt fixed income and investment banking were all strong sectors in the UK business in the second quarter.

More interestingly, the number of categories demonstrating growth grew from 26 in the first quarter to 31 in the second quarter. This is primarily being driven by direct hiring companies and recruiters, although we have seen more consulting firms and vendors for the industry begin to ramp up recruitment.

For Continental Europe and the Middle East revenues increased 6% year-over-year. Markets are mixed by geography, but we have seen consistently good demand from France, which is our largest market in the region. In France the larger banking groups seem to have underestimated their recruitment needs for 2010 and have been updating their levels of service. The sovereign debt crisis doesn't seem to have much impact on our business throughout Europe.

For Asia-Pacific revenues increased 86%, or 76% in local currencies, to a new all-time high. We have continuing to add resources and personnel in the region for both sales and marketing to take full advantage of the growth potential in that market.

So to wrap up our international business performed better than expected when we last reported in April. We are seeing a combination of upgrades and level of service, and new business from both returning customers and brand-new customers. Today about three-quarters of the business is in Europe. And looking forward, we do anticipate having the traditional summer lull in Europe. And in financial services it is typical for banks to slow their hiring in the second half of the year as turnover slows and end-year buyouts get more expensive.

So at this point we have no reason to believe that those factors will be different this year. And those assumptions are reflected in our outlook for the second half.

As for the Other segment, revenues increased 28% year-over-year to $1.8 million from $1.4 million. WorldwideWorker, which was acquired in May, contributed just under $200,000 in GAAP revenue.

A quick note on the acquisition. The integration of WorldwideWorker continues. With most of the back-office work complete, we have reorganized the sales team to align them into regional sales teams, similar to eFinancialCareers. And we are currently recruiting to fill some of the regional roles. The largest component of the Other segment is eFinancialCareers in the US, and that business generated 12% year-over-year revenue growth.

The increase attributed to AllHealthcareJobs is approximately $250,000, and that was partially offset by the revenue decline from our decision to wind down the JobsintheMoney site.

So to wrap up the segments, our US business grew 7%, and our international business group 23% in dollars, excluding WorldwideWorker, which is a very strong quarter, particularly for new business at Dice, and the Asia-Pacific, US and UK regions for eFinancialCareers.

Moving to expenses. Total expenses increased 10% year-over-year in line with revenue growth. However, cash operating expenses increased 26%, which was mainly driven by higher sales compensation earned on higher billings, investments in our sites, and overall incentive compensation. Also, reflected in the increase is the ongoing investment in AllHealthcareJobs and both the acquisition related costs and operating costs of WorldwideWorker.

Therefore, adjusted EBITDA totaled $11.3 million, or 38% of revenues. And while the 38% is below our normal run rate of 40% to 45%, we are still within close range and still 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 June 30 was $41.1 million, an increase of $2.7 million, or 7%, from the March 31 balance of $38.4 million, and up from the end of June of last year at $34.9 million.

The sequential increase was driven by the strong performance in new and renewal business at Dice, as well as at eFinancialCareers. And the acquisition of WorldwideWorker contributed approximately $800,000 of the deferred revenue balance at quarter end.

We generated $10.6 million in cash from operations this quarter, more than double the $4.1 million generated in the comparable quarter last year, which was the low point of the cycle. Free cash flow totaled $9.6 million for the quarter as CapEx came in at just under $1 million.

As we have said many times, our priorities for cash usage are investing in our services, debt prepayments, and acquisitions that expand our specialized services into new geographies or new verticals. In the second quarter we did all three. We stepped up investment in the brands, culminating with the launch of the new AllHealthcareJobs and ClearanceJobs sites, as well as adding the Talent Network functionality to Dice and ClearanceJobs, not to mention adding resources and staff to marketing and sales.

In addition, we prepaid another $5 million on our term loan, which makes the year-to-date debt reduction of $20.6 million, or 40% of the outstanding balance at the beginning of the year.

Finally, we acquired WorldwideWorker, which allows us to expand our opportunity both internationally as well as into a new vertical.

This was a highly productive quarter based both on the financial results we are delivering as well as the strategic steps we have taken to position the Company for the future.

So let's move on to looking at our view of the rest of the year, as we are updating our expectations for the full year and detailing the third quarter anticipated guidance for the first time.

For the full year we are increasing our revenue expectations to $121.5 million from $116 million. The increase comes from the following buckets -- obviously, the performance in Q2, approximately $1 million in GAAP revenue for WorldwideWorker for the back half of the year, and a $3 million increase in our core business of Dice and eFinancialCareers worldwide, including the US.

Sales and marketing is now expected at $43 million, up $2 million, an increase driven primarily by sales compensation from a further increase in billings. And adjusted EBITDA is anticipated to be $47.5 million, up $2.5 million.

For the third quarter revenues are anticipated to be $31.5 million, sales and marketing at $11 million, and adjusted EBITDA at $12 million. As you can tell from the implied Q4 guidance, we said to expect us to return to the 40% EBITDA level in the second half, and that is certainly the case.

So in closing, we had a strong second quarter, which led to an increase in our outlook for the full year. These results continue to demonstrate that you can create strong and lasting customer relationships, build professional communities, and innovate while delivering outstanding financial results.

So with that, I will turn it back to Scot.

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

I will just conclude this morning with a couple of thoughts here. As I mentioned earlier and Mike reiterated, this was an excellent quarter for us on many fronts, especially customer growth, revenue growth and product development.

Recruitment activity in our verticals is still well below the peak levels we saw in late 2007 and 2008, but the markets in our vertical areas, in the areas we focus on are making a slow, steady recovery.

Our services are performing well. We are very excited about our new career sites and Talent Network functionality. It will take some time for companies to build out their networks, and for our users to participate in the new functionality, but we believe that this new capability will lead to a better recruiting experience for all parties.

One other item I would like to note this morning is that we will be holding an Investor Day in New York City in September. So please mark your calendars for September 30. Jennifer Bewley, our Director of Investor Relations, will be providing more details in the coming weeks.

I would like to thank all of our employees for their continued focus and hard work. Well done. Thank you all for listening. We will open up the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Tim McHugh, William Blair & Co.

Tim McHugh - *William Blair & Co. - Analyst*

I wanted to first ask about the sales and marketing expense in the quarter. Just how much of it was that you decided to ramp up marketing, given the strong job posting trends, and how much of what we are seeing is sales commissions that are perhaps coming in higher than expected given the sales activity?

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

So, Tim, some piece of it is increases in marketing, including AllHealthcareJobs now that we have launched the site, and WorldwideWorker, the impact of that. But the majority of it is overall sales compensation, including various forms of incentive compensation.

Tim McHugh - *William Blair & Co. - Analyst*

Is it primarily just for the salesforce you have or are you at a point where you are starting to ramp up the hiring in the number of sales people? You mentioned Asia, I know, for eFinancialCareers, but just broadly, I guess across the rest of the Company.

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

We have hired a handful of people around the world in various roles. But the majority of it is that our salespeople, as Mike mentioned, the billings were up quite a bit the first quarter and up over our estimates and up over their targets. So we have quite a number of salespeople that are over their targets, and so certain bonuses kick in at that point, and the numbers are reflective of that.

Tim McHugh - *William Blair & Co. - Analyst*

Would you expect to ramp up that hiring, given the demand trends you are seeing, or do you have enough slack still or productivity improvements left that you can get from your existing salesforce?

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

Well, I think there is probably not as much slack in the sales team as when we started the year, so I think you can expect that we will be adding select salespeople in various parts of the world. But you shouldn't expect some wholesale hiring program. This is really feeling it in special areas where we think we have some need or we want to build for the future.

Tim McHugh - *William Blair & Co. - Analyst*

Great, thanks. Mike, can I ask one question? You mentioned France is the largest market in Europe. Can you maybe give us a quick overview of, I guess, your exposure throughout Europe? After France, obviously UK is the biggest and then France. What other markets should we think of that is critical for you throughout continental Europe there?

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

So just again, for a perspective, if you look at the overall eFinancialCareers worldwide, the UK is a little bit less than 50%. Europe is about one-quarter. Asia is less than 20%, or is about 20%, and the US is about 15%. Hopefully those add up to 100%.

So France is by far the biggest in Continental Europe. Then the markets fall off from there. Germany is important. The Middle East occasionally is important, and now it is starting to come back from where it was. Then the rest of the markets kind of go off from there -- Italy, Switzerland, the Benelux countries. They are somewhat dispersed when you get past France.

Tim McHugh - *William Blair & Co. - Analyst*

Thank you.

Operator

Imran Khan, JPMorgan.

Imran Khan - *JPMorgan - Analyst*

A couple of questions. First, I was wondering if you can give us some sense what kind of competitive environment you are seeing. Are you seeing the pricing environment is stabilizing in the marketplace from your competitors?

Secondly, it seems like average revenue per customer was down. I think it is down the lowest since the recession started. How should we think about the average monthly revenue per recruiting package customers going forward? Thank you.

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

Sure, sure. First on the competitive environment, there really hasn't been any change in what we are seeing competitively, both in terms of pricing and promotion -- as well as promotion and other activities out there.

It is still -- overall the environment is better because customers are recruiting again and they are buying services. And I think you have probably heard from some of our competitors and other players in the industry they are selling more products than they did the year before.

So in that there is probably a little -- marginally better pricing environment. But we still have players out there that are promoting pretty heavily, and have pricing that they reduced during the last 18 months, and they are really still sticking with those price points.

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

So, Imran, to the question of average revenue per customer, it peaked in roughly the $850s. And then it trended down and the floor -- the bottom was in the fourth quarter of 2009. I would expect it to increase slightly. It never really moves very much, as it is an average of the revenue from all the customers we have in place on the Dice side, in package customers, so I would expect it to trend up slightly.

Imran Khan - *JPMorgan - Analyst*

Mike, I have a follow-up question, and I might have missed it, but I think in the press release you talked about deferred revenue grew because of the increased renewal rate. Can you give us some sense, like where is the renewal rate trending compared to last couple of quarters? Thank you.

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

Sure, so in this quarter it was 76%; last quarter it was 75%. And if you go back in '09 the bottom was 52.5%, which was in the first and second quarter of last year. The historical average back in '05, '06, '07, even the very best of times was 72% to 78%, that has always been the range. So we are right in the middle of that range and we would expect it to be in that range as we continue to recover.

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Imran Khan - *JPMorgan - Analyst*

Great, thank you very much.

Operator

Youssef Squali, Jefferies & Co.

Unidentified Participant

This is (inaudible) on behalf of Youssef. Just a couple of questions from our end. Thanks for taking our questions. Mike, you raised the 2010 guidance nicely, and even for Q3, you were ahead of consensus, but the net income is, in fact, lower than what we were expecting. So just stepping back a little bit, what is your overarching philosophy in terms of investment in the second half of the year? And maybe into 2011, how should we think about specific buckets and areas of investment? I have a follow-up after that.

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

Yes, I would focus on EBITDA -- revenue through EBITDA as it relates to how we view the business and the health of the business. Net income is driven by some other things, including amortization, especially from the WorldwideWorker acquisition.

So when you look at the business -- one way to think about the growth of the business is, if you look sequentially at the growth through -- coming out of '09 and through 2010, as long as the environment stays the same, you can expect that the revenue would grow sequentially into 2011 -- at least we would expect it would grow sequentially into 2011. So I would look at that.

If you go out into the first half of next year, I think you would end up with revenue growth of 25% or so year-over-year, just by extrapolating where we are for this year. From an EBITDA standpoint, we fully expect to be right smack in the middle of our historical range of 40% to 45% in 2011.

Unidentified Participant

Okay, that's very helpful. You did launch the social network like functionality on Dice.com. We were just wondering is this offered as part of the existing contract or will you eventually think about offering it with some kind of premium pricing model?

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

Yes. Right now the way we are rolling out the Cleared Network on ClearanceJobs and then the Dice Talent Network, those are the two brand names on the Dice service, is if you are an existing customer that -- and you are buying a recruitment package, so you already have access to both job postings or job slots as well the resume database, you will be given the opportunity to use the Talent Network.

Now we are actually rolling it out to certain customers first, so there will be certain direct hiring companies that will be given the capability first. But eventually it will roll out to the rest of the customer base. And they will have the ability to create these networks and have usage of those networks in line with their existing service level. So if they have one user, then they get one user's worth of the service, so to speak.

On top of that though, the amount of communication, the amount of connections and how large their networks can be will be limited, given that base level of service. Then if they want to have additional communications, they want to grow their followers and their connections even larger, which we think many of the larger companies will want to do that, they will have to buy additional service from us.

It is probably -- this is probably not going to have much of a revenue impact -- certainly this year is not going to have revenue impact. It is more of an '11 and '12 revenue impact for us as the adoption happens. What we expect to see in our business is we expect to see the usage of these services increase over time, and then it will probably be a nice boost to our renewal rates over time.

Unidentified Participant

Got it. Thanks so much.

Operator

John Blackledge, Credit Suisse.

John Blackledge - *Credit Suisse - Analyst*

Just a couple of questions. Firstly, given the expectation for slowing US economy in the second half, perception of a slow improvement in the labor environment in the US, and the euro debt issues, you guys raised guidance for second half. Can you just give us some more color on what you're seeing in the labor environment in the US and then internationally?

Then also you talked about, I think, 40% of new business or new customer additions in the second quarter. Just what type of customer segments were added? Were they recruiters, corporate clients, etc., just to expand on that a little bit, that would be great. Thank you.

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

Sure. Sure. So first off, on the economy itself, it is interesting. Definitely what you're hearing in the press and what you're seeing in some of the indices out there and forecasts out there that everyone is expecting a slowdown.

What we have seen is that -- and I think we are -- we had the benefit of the sectors that we are in. Technology is in the beginning of an upgrade cycle worldwide. We are definitely benefiting from that upgrade cycle that is flowing through technology today. So we have the benefit of being in technology.

In financial service what we are seeing is the boomerang effect of many banks and financial institutions around the world cut heavily over the last 12 to 24 months, and now that their businesses are picking up in a big way, they need the staff, and they are staffing aggressively.

So as we look forward into the rest of this year and into next year, we see a nice steady expansion in recruiting activity in our major segments. That may not be true of other segments of the labor market. In fact, we really don't think it is going to be true in some segments like construction and possibly retail and possibly parts of manufacturing. So I think we benefit based on that. So that flows back into our expectations on the business, and that then flows back into our guidance for the rest of the year.

On the new customer front, yes, it was very encouraging to see 40% of the new recruitment package customers sold being new customers. It is interesting that the makeup of those new customers, primarily small and medium-sized customers and primarily direct hiring customers, rather than recruiting and staffing firms.

As you know, we have a pretty sizable recruiting and staffing business. And a lot of the win backs of inactive customers have come out of those ranks. A lot of the new business actually is small and medium-sized direct hiring companies.

John Blackledge - *Credit Suisse - Analyst*

Thank you very much.

Operator

(Operator Instructions). Craig Huber, Access 342.

Craig Huber - *Access 342 - Analyst*

Good morning. First, a simple housekeeping question. What were your full-time employees, what is that number at the end of the quarter? I believe it was 274 end of the first quarter.

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

It is 300 today, including the acquisition of WorldwideWorker.

Craig Huber - *Access 342 - Analyst*

How many employees did that add, please, roughly?

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

12.

Craig Huber - *Access 342 - Analyst*

Then you hit on this just a few minutes ago, but if I could just hear a little more clarity, I would appreciate that. Given all the talk among investors out there and in the press and economists a lot about a potential double dip recession in the back half of this year and so forth, looking at your numbers, listening to your commentary, it sounds like you totally disagree with that. Is that a fair comment just looking at your own business?

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

I think -- I guess there are probably two responses to that. One is that, as I mentioned earlier, I think we benefit from the sectors that we are in. Technology is definitely doing well. Financial services is in recovery mode. And so those are our two largest sectors, and that is definitely benefiting our business today.

Beyond that, we actually did a -- we do a survey every six months or so, looking at recruiting and employment intent across a broad range of companies and recruiters in North America. We recently did that at the end of May. We had about 800 respondents, so it is well representative of corporate America and what is going on out there.

What that survey said was that more than 50% of the respondents told us that they were planning to hire more people in the second half of the year than the first half of the year. So even as we look at the wider labor market in the US, what we are seeing in terms of the information we are getting back on our surveys is that the hiring intent is actually increasing in the second half, even though the overall economic forecast for the second half is a little bit slower.

Craig Huber *- Access 342 - Analyst*

Then also, could you just touch on a little bit further, if you would please, your sales and marketing line is up about, what, $2.6 million from a year ago. How much of that increase is directly tied to how well your revenues did in the quarter and then these bonus payouts and all that?

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

It is more than half. So there is a couple of pieces in there. Certainly we have increased the amount of marketing, both in the US and outside the US, commensurate with the recovery and what we have seen.

And if you look at the sales piece you have a couple of things. So you have the addition of WorldwideWorker, which is not huge, but it is an addition. You have the addition of AllHealthcareJobs, where we actually have put in place a sales organization, another handful of people. We have added some salespeople, as Scot was describing before, throughout the organization.

And then you have a sales compensation arrangement that has multiple components to it and has multiple targets, of which there is incremental incentive compensation. That is the bigger piece of the sales and marketing [group].

Craig Huber *- Access 342 - Analyst*

Then on your last quarterly conference call you talked about some of your competitors have reduced pricing in the marketplace by roughly 30% from, I guess, the peak levels you were talking about. You mentioned in your commentary a few minutes ago that hasn't changed much you don't believe. Can you just talk -- is that true, and if so, can you just talk a little bit further about that?

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

Sure, sure. I think the overall environment is a little bit better because overall more companies are recruiting, more companies are buying online recruiting services. So in that type of environment on the margin the pricing gets a little bit better.

But we continue to see very aggressive pricing from some of the players out there. I think that is really the carryover from their price reductions that they made over the last 18 months. So the pricing environment has not changed a lot. I think on the margin is probably little better.

Craig Huber *- Access 342 - Analyst*

Isn't that to say that you -- because you guys had made a big effort not to really reduce your prices, unlike some of your competitors and stuff. Are you saying now that you think it is going to be very hard in terms of your competitors have cut price by roughly 30% -- to claw that back even halfway to make up for that 30% reduction of lower prices?

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

Sure. Our experience over the last downturn was that it is very difficult to make large increases in prices to customers even in good environments. Because it is human nature, people don't like to feel like they're being taken advantage of. As well as customers always remember the last price that they were given. It is difficult to raise prices. You have to have real tangible benefits that you're selling, and the customers have to be willing to pay. So it will be a challenge.

Craig Huber - *Access 342 - Analyst*

Great, thank you.

Operator

At this time there no further questions. I would now like to turn the call back over to Jennifer Bewley for any closing remarks.

Jennifer Bewley - *Dice Holdings - 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 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 today's conference. Thank you for your participation. You may now disconnect. Have a great day.