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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth-quarter 2012 Dice Holdings, Inc. earnings conference call. My name is Destiny and I will be your operator for today. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. (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, Vice President of Investor Relations and Corporate Communications at Dice Holdings. Please proceed.

Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

Thanks, and good morning, everyone. With me on the call today is Scot Melland, Chairman, President and CEO of Dice Holdings, along with Mike Durney, Senior Vice President of Finance and CFO. Please note, this morning, we issued press release describing the Company's results for the fourth quarter of 2012. A copy of that release can be viewed on the Company's website at diceholdingsinc.com.

Before I hand the call over to Scott, I would 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 businesses 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 these 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 operation. The Company is under no obligation to update any forward-looking statements except as required by federal securities laws.

Today's call also includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin and free cash flow. For details on these measures, including why we use them and reconciliations to the most comparable GAAP measures, please refer to our earnings release and our Form 8-K that has been furnished to the SEC, both of which are available on our website.

With that, I will turn the call over to Scot.

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

Thank you, Jennifer. First, let me welcome all of you to the Dice Holdings fourth-quarter and full-year 2012 conference call. I will start today by briefly discussing our fourth-quarter performance, then I will spend some time describing our new Open Web technology which we announced this morning, as well as our plans and thoughts on key trends for 2013. I will hand it over to Mike Durney, our CFO, to take you through our financial performance, and then I will make a few closing remarks and we will open it up for questions.

Recruitment activity across our verticals has been largely stable since our last quarterly report. Generally speaking, we are operating in the same environment -- moderate job growth in the US combined with lower-than-average turnover, sluggish recruiting in global financial services and stronger markets in technology and energy recruiting. In the fourth quarter, worldwide revenues totaled $52.7 million, an increase of 11% year-over-year. Excluding the acquisition of our media properties, revenues increased about 1% to $48.1 million.

Q4 billings grew faster than revenues, up 14% year-over-year. Excluding the impact of the media acquisition, billings were up 5% year-over-year. The increase in billings was driven by a return to growth in our Dice.com business, strong performance at Rigzone, and a smaller drag from eFinancialCareers.

So, overall, we ended 2012 on a positive note. Despite some ups and downs during the year, we grew our revenues and customer base around the world while investing in our next-generation services.

So, this brings me to Open Web. For some time now, we have been looking at how to integrate our services with the growing social usage on the web. Over the past year, we have invested in product development, made a key acquisition, and, today, we are reviewing the first step in the next generation of our services, our Open Web technology.

So what is it? Simply stated, Open Web is a natural language search tool that mines approximately 50 social sites and billions of web pages to create aggregated profiles of individuals. The platform brings together valuable pieces of public information scattered across the web into a useful, searchable profile which of the types of information recruiters need to source talent. Professional information like skill sets and titles, current and previous employers, location and educational background is combined with insight into a candidate's softer side, like interests, hobbies and passions, and often direct contact information. The aggregated profiles include links to the candidate's public social persona, including links to their blogs, Twitter, Facebook, Quora, Google Plus and other social profiles and web pages.

We rolled out that the Dice data in earnest after Thanksgiving, and today, the service is available to all of our Dice recruitment package customers. About a quarter of our customers have tried it so far and the feedback has been strongly positive.

What do they like? First, it saves them time. In one place, they get a comprehensive view of the talent available in the market as well as a more complete view of each candidate's skills and experience, more information than they can get from any single service. This reduces the need for them to search and visit multiple websites to gather information. They also like that it provides them greater access to passive and hard-to-find candidates. And finally, they like having this service included in their Dice package. A combination of our Dice resume database, Open Web profiles, advertising and employment branding creates value and efficiency for our customers.

We plan to roll out versions of Open Web for Rigzone and eFinancialCareers, and we are already developing additional products and features that leverage Open Web's technology and data.

To accelerate that development, in October we acquired WorkDigital, our development partner for this service, and we are happy to have Howard Lee and his talented team join our Company and to lead the further development of this exciting technology.

While the rollout of Open Web may be job one for 2013, it's certainly not our only priority. On our last call, I walked you through the reasons we are excited about our new tech media property, Slashdot and SourceForge. These communities enable our customers to reach millions of engaged technology professionals on a regular basis, serve as a launching pad to grow our Dice service outside of North America and have expanded our revenue opportunity as a Company through the addition of the tech media business.

Work is underway to integrate Dice into Slashdot and SourceForge, and vice versa. So you can expect to see jobs integrated into relevant content, community sections and download pages on our media properties and to see traffic driven to relevant content and jobs on Dice.

In addition, we are overhauling our ad units to create a more dynamic offering for B-to-B tech marketers and employers interested in reaching our large tech audience, both here North America and around the world. We have work to do, but I am excited about the opportunity today more than I was at the time of acquisition.

So looking ahead in 2013, for the Dice business we expect the tech labor market to remain tight with moderate job growth partially offset by lower-than-average turnover. In addition, we expect B-to-B tech advertising to grow and the shift to performance-based products to continue. Given that environment, we anticipate a solid year for our tech businesses.

Moving on to eFinancialCareers, during the quarter recruitment activity continued to be sluggish, given the uncertainty and lower profitability in the sector. While there are some signs of stabilization in the US and Asia-Pacific markets, the UK and European markets continue to soften.

In late Q4, we launched our new product platform, which enables customers to more easily integrate with eFC, managed up inventories and campaigns and better follow candidates. It also allows us to add new features and functionality more quickly and easily.

In addition to integrating Open Web, we expect the pace of innovation to pick up at eFinancialCareers this year with the launch of a new front end and mobile solution, all with the goal of increasing our reach and engagement with financial markets professionals worldwide.

We don't anticipate much improvement in the market in 2013 but believe that recruiting activity will recover as overall confidence and banking profitability improves. So, while we are taking prudent steps to balance our spending with the lower activity in financial services, we are continuing to make investments that build the eFC brand and infrastructure for the long-term.

Moving onto energy, at Rigzone, the oil and gas recruitment market continue to be strong during the quarter, and our business performed very well. Our investments in the team, the product and the infrastructure are certainly paying off. Our sales team is now delivering total solutions packages to ensure that our clients get the most out of the services that Rigzone provides.

An early example of the success of that strategy is we recently signed our Company's first $1 million deal. The deal includes career center services and several types of advertising, as well as webinars, virtual career fares and Rigzone's compensation tracker.

Looking ahead in 2013, we expect oil and gas recruiting activity to remain strong around the world, although the pace of job creation should moderate consistent with slightly lower oil prices. During the year, we will continue to build out our global infrastructure and invest to grow the Rigzone brand and community worldwide. It should be a good year for our Energy business.

So stepping back, 2012 was another successful year for our Company as we achieved record revenues, grew our communities and customer base around the world and made significant progress in improving our products and our operations.

So with that, let me turn it over to Mike to walk through our financial performance.

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

Great. Thanks, Scott, and thanks, everyone, for taking the time to join us today.

Revenues totaled $52.7 million for the quarter and $195.4 million for the full year. If you exclude the acquisition of Slashdot and SourceForge, revenues grew 1% year-over-year in the fourth quarter and 6% year-over-year for the full year.

EBITDA for the quarter was $19.5 million and for the year totaled $77.4 million. For the quarter and the year, net income was $9 million and $38.1 million, respectively.

So with that quick overview, let's go to the segments. Revenues in the Tech and Clearance segment increased 19% year over year to $37.1 million, including Slashdot Media. The acquisition contributed $4.7 million in revenues for the segment results, so excluding that impact, Tech and Clearance grew 4% year-over-year.

The Dice.com business grew 4%. Tech continues to be a good market. According to the BLS, the unemployment rate for tech professionals averaged 3.3% in Q4, but turnover continues to be below average. These trends are reflected on the Dice side with relatively stable recruitment activity and job postings and resume views.

Importantly, we continue to improve our execution with the Dice.com billings growing 5% year-over-year, another record average for revenue per customer and an improved renewal rate quarter over quarter.

So let's get into the details. At the end of the quarter, the Dice service had 8400 recruitment package customers, down from 8650 at the beginning of the quarter or a net loss of 250 customers at December 31. The number of annual recruitment package customers at quarter end was 7700, up 6% year-over-year and an all-time high for the business. As you will recall, we experienced seasonality due to the measurement on December 31 and the reduction of the short-term contracts at the end of the year. If you exclude 2008 due to the severity of the recession, the seasonal impact to customer count has historically ranged from about 50 to 400, so we are well within the normal seasonal patterns, and in January we've started to add those customers back, which we typically do.

On a year-over-year basis, average customers served by Dice grew 4% or 300 recruitment package customers to 8600, and average revenue per customer increased 4% year-over-year to $986 per month per customer, another record for the Company. That is up slightly from $978 in the third quarter. We still believe that number will flatten sequentially and it appears as though it is getting close to that, partly as a result of the ongoing adding of customers under annual contract. The new ones tend to start at the base level of service.

In Q4, our renewal rate on annual contracts was 72%, up from 70% in Q3 with slightly more than 1800 contracts up for renewal.

Performance continues to be strong at ClearanceJobs, whose billings also grew faster than revenue, despite the concerns around defense spending. While it accounts for 5% of total revenues, ClearanceJobs grew 7% year-over-year.

At Slashdot Media, revenues totaled $4.7 million for the quarter, which is about 5% less than the amount Geeknet reported for the fourth quarter of 2011 for that business. Our primary short-term goal is to work on the integration with Dice, so we are focusing our attentions there. But at the same time, we are working to rebuild the sales force, which is progressing.

Moving to eFinancialCareers, recruitment activity in financial services continues to be slow with revenues down 17% year-over-year to $9.2 million. Currency translation favorably impacted revenues by about $160,000 year-over-year.

In our major markets, we are seeing share of wallet gains with banks and major direct hiring clients. We are, in part, benefiting from their restructuring and cost-cutting efforts, offset by the impact those efforts are having on recruitment agencies.

In the UK, revenues declined 20% year-over-year measured in sterling. Customers continued to delay decision making early in the quarter on their annual needs for 2013. However, those plans came together late in the quarter and renewals from December into January have essentially been as expected.

In the Asia-Pacific region, revenues declined 13% year-over-year in Singapore dollars. While still challenging, the recruitment market in Asia is still better than elsewhere with Australia trailing.

In continental Europe and the Middle East, revenues decreased 36% year-over-year measured in euros. The markets vary a little bit from country to country, but it is pretty poor across the board in Europe. And revenues were down 3% year-over-year in North America.

A quick update on the fin site and our distribution deal with The Wall Street Journal for WSJ.com and MarketWatch.com. We have decided to keep the fin site running as the multi-channel distribution platform, which will include not only eFinancialCareers jobs but also Dice's for tech decisions, and we may include Rigzone's in the future.

Overall, we continue to be cautious on financial services, but it appears as though a bottom may be forming. Overall billings for eFinancialCareers were down 9% year-over-year in Q4.

Moving on to Energy, revenues were up 26% to $5.3 million in the fourth quarter with substantial gains of 27% year-over-year increase in career center and 36% year-over-year in advertising. We continue to add customers in the recruitment business and we saw stronger than normal proposal activity in Q4 from prospective advertiser customers.

With the combination of the two sites, WorldwideWorker into Rigzone about this time a year ago and the strong gains we have had in unique visitors and page views, Rigzone is resonating with marketers intent on reaching oil and gas professionals. At Rigzone, Q4 billings grew 52% year-over-year, led by gains in the career center and advertising. But I want to remind you of last year's experience in Q4. We were in the process of raising pricing and overall contract values substantially, and customers took a bit longer to sign off. So a number of those contracts fell into Q1 of 2012.

That said, we like the path we are on in energy and understand there are significant growth opportunities ahead. Scot mentioned earlier an agreement we just finished with a customer that spanned an array of our Energy offerings, which agreement is the largest single one the Company has signed with one customer, demonstrating the power of the multiple revenue opportunities afforded by the Rigzone service.

So to wrap up the segments, we had growth in Energy and Tech and Clearance, partially offset by the decline at eFinancialCareers. With the percentage change year-over-year and billings performance improving in each segment and, in the case of eFinancialCareers, declining less.

Adjusted EBITDA was $19.5 million, which resulted in a margin of 37%. Taking out the impact of Slashdot Media, cash expenses were higher by 16% year-over-year, driven by the investments we're making in product development across all of our properties; some increases in marketing; higher sales cost due to higher billings and staffing up of our energy sales force; and some new office and relocation costs in Houston, Singapore and London; and acquisition costs for the various deals.

Net income totaled $9.0 million in Q4, resulting in $0.15 earnings per diluted share.

During the fourth quarter we repurchased approximately 1.3 million shares of common stock at an average price of $8.60 per share, for approximately $11.6 million. The Company has returned approximately $68 million to shareholders this year through our two share repurchase plans.

On January 25, the Company's Board of Directors authorized a new plan for the purchase of up to $50 million of common stock. This plan will become effective upon the completion of the existing $65 million plan, which at year end had approximately $6.5 million available.

In addition to Q4 share repurchases, we paid $10 million in cash up front for the acquisition of WorkDigital. That agreement contains two deferred purchase price payments of $5 million each, one payable in 2013, one in 2014, both upon the attainment of certain product delivery goals.

At December 31, we had net debt of $3.8 million, consisting of total debt of $46 million and cash and investments of $42.2 million.

Net cash from operations grew 13% year-over-year to $10.1 million, in part due to a favorable impact from a change in deferred revenue and the impact of the Rigzone earnout in 2011.

Deferred revenue totaled $69.4 million at year end, of which about $2.1 million is related to Slashdot Media. That's a 14% year-over-year increase and up $3.3 million from the December 30, 2012 balance. If you exclude the acquisitions contribution, deferred revenue at year end grew 11%.

To sum up the fourth quarter, we delivered a good quarter with solid execution. That comes through in the financials with billings and deferred revenue growth. Most importantly, we have taken a strategic step forward by launching Open Web and are very excited to be in the market with a tool that creates more value for hiring managers and recruiters and is spot on in our value proposition efficiency.

So let's move onto guidance, first for the full year, then for Q1. For the full year, we anticipate revenues of $217 million, up 11% year-over-year including the contribution from Slashdot Media. On a pro forma basis, we expect organic growth of about 4% year-over-year. We expect growth in Tech and Clearance and in Rigzone, offset by slightly down eFinancialCareers revenue.

As we have always done in our guidance, we have provided a rough breakdown of the revenue expectation by segment as a percentage of the total, which you can use as a guide for those segments.

We expect EBITDA to total 37% of revenues on a full-year basis or about $80 million.

We are going to continue our investments, in particular to support Open Web's rollout to each of our key brands. You should expect the percent of revenue spent on product development to rise as well as the percent of revenue spent on cost of revenue line due to the media acquisitions and ongoing investment in our infrastructure. And the effective tax rate is expected to be 36%.

In Q1 we anticipate revenues of $50.5 million and for revenues to build throughout the year, reflecting the lag between our improved billings performance and the ultimate revenue recognition as well as the inclusion of certain events that were not held in 2012. We anticipate EBITDA of $16 million in Q1 or an EBITDA margin of 32%.

Traditionally, we have spent more of our marketing dollars in Q1 directly to professionals, and after a break from that pattern last year, we will go back to a more traditional marketing calendar as well as providing strong support for Open Web.

There is nothing in particular to note below the EBITDA line in comparison to 2012, either in Q1 or for the full year. We expect CapEx this year to be about $7 million, and ultimately we anticipate net income will total $38.4 million for the full year and $7 million for Q1.

We are excited about 2013, the launch of Open Web in each of our key services as well as opportunities afforded us through our media businesses to expand, grow engagement and to enter new markets.

So with that, let me turn it back to Scot.

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

Thank you, Mike. As you can see, 2012 was a successful year for our Company. So what can you expect from us in 2013?

In 2013, we will focus on reaching new customers armed with our next-generation technology. We will continue to improve our services through investment and product development, including the rollout of Open Web to our other key verticals. We will increase the reach and engagement within each of our communities with Dice leveraging the active Slashdot and SourceForge audiences. We will expand internationally and we will continue to refine and improve our global operations.

So all in all, 2013 is going to be another exciting year for us. So I want to thank you all for listening. Let's open up the call for some questions.

QUESTIONS AND ANSWERS

Operator

(Operator instructions) Timothy McHugh, William Blair.

Timothy McHugh - *William Blair & Company - Analyst*

First, I wanted to just ask about -- obviously, the billings growth picked up and you refer to improved sales execution, which I know was a focus for you kind of early or middle of last year. Is the environment any different? And if not, can you elaborate a little bit more on what drove the improved sales execution? Anything you would pinpoint that you did?

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

Well, I think the billings growth was driven by the return to growth for Dice as well as some terrific performance in the Rigzone unit. On the Dice side of things, the environment has been pretty much the same, and I think the context for all this, too, is we should remember that in Q4 we still had lots of distractions in the marketplace. We had the elections, we had the fiscal cliff, we had sequestration, we had -- some of those things have gone but some of those things still remain. So that was the backdrop of the environment but, in a sense, not really a big change.

On the sales side of things we have made changes. We referred to those in Q3. We made some people changes. We made some process changes on the Dice side, and I think it has paid off for us.

And then on Rigzone, as Mike in his comments -- I think you heard that there are some timing issues in there, but all in all essentially what has happened is, during 2012, we put the sales resources in place and marketing infrastructure in place for Rigzone. And I think we are bearing the fruits of that.

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

Yes; I think, Tim, we always talk about timing being a driver to some extent of deferred revenue, since it is measured at point in time. And we try to be consistent about that. I think there are certain things that close in December and certain that close in January. And I think the ones that close in December help drive deferred revenue up and billings up.

But I think we are pretty happy with the ability to close a number of deals in December, given the distractions that Scot just referred to before, and that is generally across the board. Even the eFinancialCareers closed a handful of deals in December that could have deferred into January, but I think that's a reflection of the sales effort.

Timothy McHugh - *William Blair & Company - Analyst*

Okay, great. And then as we think towards next year, the EBITDA margin, I think, is going to be a frequent topic of questions. How much incremental spending is related around Open Web, I guess, as we think about the decline in margins you are projecting towards next year versus -- I guess a certain part of that is the Geeknet acquisition as well. But just organically, I guess, if you stripped out those two factors?

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

Yes, so it's a good question and we certainly expect it to be a topic of conversation and we will be prepared for it.

So I think there's a number of things in there. The spending on Open Web -- while we are not going to talk specifically about how much we are spending on it, it is a piece. It's not huge, but it is a piece and it will develop over time as we roll out the products. We expect to roll out a number of products related to that technology. So that's a piece of it.

Slashdot Media is a piece. We have said that we believe that business on a steady state is probably a 25% margin business, so it will have an impact. We are still sorting through it. We are looking at ways to integrate into Dice, and that process is in place, and so there's a little bit of spending on there. So what is a roughly $20 million business -- if we spend $1 million, has an impact on margins.

The other piece is eFinancialCareers. We have continued to invest in that business. And to invest in this context means we are running the business as we ran it a year ago and two years ago, making investments in North America and making investments in Asia, but being careful where we invest in other places on a business that has declined from 2011 to 2012 and we believe will decline slightly into 2013. That has an impact on margin, too.

We are not naive to what is going on the market. If we think that it's going to change for a while, we will make other changes. But right now, that is not what we think. But it does have a short-term margin impact.

Timothy McHugh - *William Blair & Company - Analyst*

Okay. And then lastly on Open Web, just two questions on that right now. Just to be clear, right now, is it a free product that you are just providing as a beta to clients, so we should not expect any revenue impact for a while?

And I guess secondly, can you just clarify -- the information that you -- that product pulls together from various sites, do you have to get the access information from the job candidate, or are you able to pull that information without -- I guess, essentially for the employer without the job candidate giving you kind of -- connecting to you through LinkedIn or things like that?

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

Sure, sure. So first on the access to the service, what we have done now with the beta is we have included it with the package, with the recruitment package. So if you have -- if you have purchased the recruitment package from us; in other words, you have database access as well as some job slots that you can use, you will have access to Open Web included in that.

And, essentially, what we are trying to do is -- this is in beta. We want people to get familiar with it. We want to encourage usage. We want them to see the value and essentially build the usage of that and the love for that service. That may lead to things over time that we may charge for. But I think, right now, what our expectation is, is that we will probably see slightly better renewal rates and some impact on new business as a result of having this capability.

As far as the information itself, this is information that is -- profile information that is freely available out there on the Open Web. So, similar to information that you would find if you were to do a Google or a Bing search on an individual, similar things would come up. So we don't have or don't require or need permission from the individual; it's already out there. Part of our product plan, though, is to take a version of this service and make it available to individuals so that users or individuals will have the opportunity to look at their aggregated profile. And that's something that we feel very strongly about because we believe people should be aware of their public personae and actively manage them.

Timothy McHugh - *William Blair & Company - Analyst*

Okay, great, thank you.

Operator

Jordan Rohan, Stifel Nicolaus.

Jordan Rohan - *Stifel Nicolaus - Analyst*

I've got a question just on the annual revenue guide. In the past a pretty good leading indicator for are you guys will ultimately report revenue growth has been the growth in deferreds, which from your commentary it seems like is up 11% on a year-over-year basis, apples to apples, excluding acquisitions. But your guidance for organic growth is low- to mid-single digits and I'm just wondering why the conservatism on that.

Or specifically, if you could call out what you believe the key catalysts are in Europe that may make eFinancialCareers have some opportunity to show upside and, for that matter, what is going on in the US job market, particularly in tech, which seems to be about as strong a job market as you can point to, that would allow you to grow faster than you have currently guided.

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

Okay, so let me start with the catalysts for tech and for eFinancialCareers. For eFinancialCareers, the market environment is still subdued for recruiting in financial services. We see better environment in the US and a better environment in Asia.

What has to happen in the UK and Europe is essentially more confidence and more stability. And if many of our clients -- they continue to recruit, but the volume of recruiting and the turnover associated with -- that drives recruiting will increase as the confidence expands in Europe.

As far as the US and Asia, the story is somewhat similar, but those markets are just, I think, further along in terms of recovery and the profitability of the operations there, the financial services operations, are higher. So there already is more recruiting activity happening.

The other catalysts there is, as this comes back, it increases the amount of the volume going through the staffing agencies, many of which are our customers. So that drives that business.

On the tech side of things, it's all about turnover. The tech market today in the US is very tight, which in a sense is good, especially if you have skill sets and you are a tech professional. But we are not seeing turnover at the levels would expect to see, given history. And I think, as confidence in the overall economy improves, we will see that turnover increase, and that will be a big factor for the tech business.

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

Jordan, on the question of deferred revenue and leading indicator, there's two components. Right? It's the rate of growth in billings and then the change in deferred revenue. And the change in deferred revenue is often timing based. And so, while it is an indicator, it does vary from period to period.

So as we said earlier, measuring it year-over-year and including the Slashdot business, it being up 11%, part of that is based on the timing of closing deals in 2011, 2012. So I think the revenue estimate is our current best view. That is what we have historically done, is just give you our view of what we think we can do. Deferred revenue is a piece of it.

The other thing I would say is that the components of deferred revenue and how deferred revenue ties to revenue, anticipated revenue, is going to change slightly or has changed with the acquisition of the Slashdot Media business because the nature of that business is that it's billed after, as is the case in the advertising business. So the profile will start to change slightly. The Slashdot Media business is only 10% of the revenue, but it will have an impact on how we use deferred revenue or how you would use deferred revenue to look at revenue expectations.

So I hope that helps. I don't want to overstate the timing issue, but there are components that lead to deferred revenue being X versus Y on a date.

Jordan Rohan - *Stifel Nicolaus - Analyst*

Got it, thank you so much, guys.

Operator

John Janedis, UBS.

John Janedis - *UBS - Analyst*

I've just got one follow-up and then one question. Just back to Open Web for a second, can you just clarify a little bit, meaning is my interpretation correct in that, in the near-term, there is no direct impact on revenue per recruitment package customer, but that could change over the long-term? And then, separately, can you give us your industry outlook for US and global growth?

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

Sure, sure. So for Open Web what we have done is we have included as part of the recruitment package today. What we believe this -- the short-term impact is that we believe this will have a positive impact, if you will, on our renewal rates and some of our new business. And because this is a valuable feature that customers like, and so we did not want to charge for it separately because we really feel that this is something that is new and we want to get the customers to try it, to make it part of their recruitment process and have them really get the full benefits out of it.

As far as the outlook overall, I think what we are thinking about in terms of online recruiting growth for 2013 is probably mid- to high-single-digit growth, both in the US as well as globally. And essentially what is going on here is, I think, LinkedIn is expanding the market because they are considered in the online recruiting numbers -- at least, how we measure them -- and they are pulling dollars in from outside of online recruiting, especially from executive recruiting. And so a lot of that growth is not coming from the existing players in existing market; it's really LinkedIn pulling in money.

John Janedis - *UBS - Analyst*

That's helpful, thank you.

Operator

Doug Arthur, Evercore.

Doug Arthur - *Evercore Partners - Analyst*

Mike, you mentioned in the press release that WorkDigital was a slight drag on EBITDA in the quarter. I guess, if you look at both Slashdot, the impact of Slashdot in WorkDigital, do they offset on EBITDA for the quarter? Or, due to some of your comments on some of the changes you are making at Slashdot, was that also a slight drag on EBITDA?

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

So the net of the two of them was slightly positive EBITDA.

Doug Arthur - *Evercore Partners - Analyst*

Okay, so that's pretty much as expected. Okay, great, thank you.

Operator

Youssef Squali, Cantor Fitzgerald.

Youssef Squali - *Cantor Fitzgerald - Analyst*

A couple questions, please, maybe starting with you, Mike, and going back to the topic of margin. As you look at the EBITDA margin over a long horizon, historically, we have talked about the Dice business maybe supporting low to mid 40s through acquisitions, through now the Open Web, etc. Maybe you could help us understand what the new profile, the margin profile of the business is as you look at this business maybe two or three years out.

And then maybe for Scot on the Open Web issue again, just to get some more clarity, are there any limitations on content access? Does it aggregate information from sites like LinkedIn or any of the other meta-searches out there?

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

Okay, so the first one on margin -- historically we have said we think this business is a 40% to 45% margin business. I think fundamentally that has not changed. But I would say there's a couple of components that we should think about.

So one is having acquired the media business, which we think is a roughly 25% margin business, has a slight negative impact. And I will emphasize slight, because today, it's about 10% of the revenue. So that would drag it down a little bit. So that is one component.

Two, we believe the eFinancialCareers business has roughly the same margin profile in a better environment. So as we said a number of times in the past and said it again today, we don't see anything that changes fundamentally about that business other than the current environment is pretty poor in certain of the markets. So we are not scaling back on spending. So there is an impact; the EBITDA for that business -- just by way of example, the EBITDA for that business in Q4 was roughly half of what it was a year ago. And so that business is about 20% of the overall Company. And so that has a slight drag, too.

I think the other thing just to think about in terms of the current margin profile -- we are making investments in product development. We believe for the long-term that has real value. In an environment, at least if you look at text, what drives the tech market, as we say all the time, turnover is a big driver of it. But the market is not great for tech recruitment as it relates to turnover, yet we are making investments.

So I think when that changes, and we believe it will -- when that changes, I think we get back into that 40%-plus margin relatively efficiency. And so, if you think about the components that I referred to, I think we don't see any fundamental change in the overall business. We need the market to be slightly better. We certainly need that for eFinancialCareers and get the benefit of some of the investments that we have made. Slashdot is what it is from a margin profile, and I think we are fine with 40% to 45% being the target that we have always had.

Youssef Squali - *Cantor Fitzgerald - Analyst*

Okay.

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

And then on the Open Web, there really are not any limitations there. We are pulling together information that is out there in the public domain, if you will. And we are using our technology to do that and to pull that together. So there really are not any limitations on us. There are the same limitations on us as there would be potentially on Google.

Youssef Squali - *Cantor Fitzgerald - Analyst*

I see, okay. And from a modernization level perspective, is there an advertising component to that model that you can have, or that is contemplated?

And just one last quick one for Mike, again -- the buyback that you have announced; how are you guys going to be funding that?

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

Just on the advertising, is there an advertising model, I think we have steered away from advertising embedded inside the sourcing part of Dice. And so I think -- and our other services. So I think we would stay with that strategy.

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

Sorry, on the buyback, the $50 million, when it starts roughly approximates the free cash flow we expect to generate over the forward 12 months. So we would -- depending on the timing, we would fund it through cash from operations and from the revolver.

Youssef Squali - *Cantor Fitzgerald - Analyst*

Okay, so no need to raise debt for that?

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

Other than to use the existing revolving credit facility we have, but we would need to go raise that.

Youssef Squali - *Cantor Fitzgerald - Analyst*

Okay, thank you.

Operator

Randy Reece, Avondale Partners.

Josh Ireland - *Avondale Partners - Analyst*

This is Josh Ireland on for Randy Reece. The product development spending jumped up a bit in the last quarter. Could you provide maybe a little color on what was behind the increase in expenditures? And maybe let us know what you see as a long-term target for product development spending as a percent of your revenue going forward?

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

Well, as far as product development across the Company, we have a number of projects going on. You heard about Open Web, but there was also the new platform at eFinancialCareers. There was some new technology added at Rigzone. We're also doing some upgrading of our overall infrastructure inside the Company in terms of our business systems and customer -- our own CRM and customer -- how we interact with customers' business systems. So there are a number of things there.

As far as -- I don't think there's a strict guidance that we can give in years out. These are investments. Some of them are very strict investments; you upgrade something and you are done. And others are building out teams that are going to be supporting the products in the future.

Overall, though, we expect that there will be operating leverage in the business based off of this going forward. But I wouldn't put any specific target on it at this point.

Josh Ireland - *Avondale Partners - Analyst*

All right, guys, thanks for taking my question.

Operator

(Operator instructions) Craig Huber, Huber Research Partners.

Craig Huber - *Huber Research Partners - Analyst*

Good morning, I've got a few questions. The first one -- I would just be curious to hear your latest thoughts on the price environment out there for -- clearly, when you look at your larger competitors for your Dice and eFinancialCareers, but also the smaller niche players, what is the changes perhaps that you are seeing out there on the pricing front?

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

Really no change in terms of pricing. You think about our major competitors, we have -- some of the large horizontals have been very promotional throughout the entire year, and I don't think we have seen any change in that behavior. But really no change in price points across the board.

Smaller competitors -- a lot of the startups and smaller competitors are actually trying to match our price points. And so I think they are trying to use the pricing structures that are already out there in the market as a way of selling their service.

Craig Huber - *Huber Research Partners - Analyst*

And also, on your sales and marketing, can you just give us a little better sense, excluding acquisition, what we should expect in 2013 for sales and marketing, how that should progress through the course of the year -- again, excluding the acquisition?

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

So I think, historically, it has been relatively flat sequentially until you get to Q4 from a marketing standpoint. Sales tends to move with billings performance, with the highest amount in Q1 in Q4 -- not in that order, sorry -- Q4 and then Q1. And so I would think that the pattern would be essentially the same. We are spending on marketing today to support our new initiatives and so we have reverted back to that historical pattern from where we were a year ago.

So I think fundamentally, with the structure of the Company, I don't think it changes very much from what it has been historically. I think, as a percentage of revenue, we have said we do believe it's now lower as a percentage of revenue than it has been historically. So, historically, we've said we thought it was roughly 35% to 40% of revenue; and now, we are more 32% to 35% of revenue, given the investment in product development. I think that's what we have seen recently and I think that's what we will continue to see.

Craig Huber - *Huber Research Partners - Analyst*

And then, also, can you help me with the cost of this acquisition? I'm just curious how you would break out the cost between cost of revenues, product development, sales and marketing and G&A for the acquisition. Is there any one or two areas where it's a lot larger contribution?

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

On the WorkDigital acquisition?

Craig Huber - *Huber Research Partners - Analyst*

No; I'm sorry, the Slashdot one.

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

Oh, Slashdot. Yes, I think sales and marketing is probably roughly similar to the rest of the business. We spent very little in marketing in that business. We spend more in sales, given the nature of the advertising business. But product development and cost of revenue is where the bulk of the dollars are spent to manage the sites and build the sites.

Craig Huber - *Huber Research Partners - Analyst*

Okay, lastly, I believe on your eFinancialCareers the date you guys put out monthly, job postings are down by 26% year-over-year. I think that's the worst year-over-year numbers you have had out there since the very end of 2009. I'm just curious what your crystal ball is here. When do you think this might start to stabilize as we go through the course of 2013, if at all?

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

Well, I think we have started to see some signs of stabilization in Q4 in the US and in Asia. So it's our belief that it stabilizes this year. I think where we are really uncomfortable is in predicting when the upturn happens. Historically, when recruiting comes back to financial services, it usually comes back with force. And that has been our experience over the last 5 or 6 years. But we have really no idea when that might happen.

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

We will use this as a reminder for everybody that we publish the job count because we think it's an important piece of information that people should have. It's only one piece of the recruitment business. And we have seen this before, especially in financial services, when there are major employers publicly announcing reductions in force and layoffs, they are still recruiting at some level and they may not want to post the fact that they are recruiting for positions while they are laying people off.

And so I think the dynamics of the year-over-year change in job postings should be considered as one piece of the recruitment puzzle.

Craig Huber - *Huber Research Partners - Analyst*

Understood, thank you.

Operator

Walter Winnitzki, Nicusa Capital Partners.

Walter Winnitzki - *Nicusa Capital - Analyst*

The question on pricing has already been asked, so let me ask about products such as Open Web, which appear to be value-added products. If I'm understanding you correctly, this will not be a margin enhancing product, but more focused on improving renewal rates. Maybe you can talk a little bit about the market dynamics from that perspective. Is the market moving more towards an environment where you are going to have to continue to offer more value-added product at the same price, or when is there going to be an opportunity to get more return on some of these investments?

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

Yes; I think, essentially, there has been innovation in the online recruiting space. We are now innovating in the online recruiting space. I think it's important for us to continue to offer new pieces of value to our customers. And, definitely, we are doing that with Open Web.

Our strategy here in terms of putting it, including it in the recruitment package is essentially to get trial and usage and hopefully lots of great feedback from customers so we can continuously improve this. If we are successful in that and this is driving value for customers, down the road that leads to all sorts of positive financial things, potentially -- price increases, potentially add-on sales. And then what we would expect in the shorter term is an improvement in renewal rates and customer acquisition, just because it's a bigger, better, more exciting product to sell.

So innovation is going to be part of what you need to do in this market, but there are positive financial impacts from that innovation.

Operator

Bill Sutherland, Northland Capital Markets.

Bill Sutherland - *Northland Securities - Analyst*

I wanted to just ask one at the end here on Dice.com, or the whole tech properties, I guess. Are you all thinking still pretty much North America as far as the sales and marketing initiatives for Dice, or thinking a little more globally?

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

We are thinking globally. One of the reasons we made the acquisition of the Geeknet Media properties, which we are now calling Slashdot Media, was to get access to the huge traffic that SourceForge and Slashdot have outside the US. SourceForge gets about 40 million unique visitors on a monthly basis. About 80% of those visitors are outside the US; Slashdot, about 4 million visitors on a monthly basis. About 40% of those are outside of the US and Canada.

And so you have got a tremendous amount of international traffic there that we plan to use to expand our recruitment business.

Bill Sutherland - *Northland Securities - Analyst*

Okay, so you won't need to actually expand the sales and marketing footprint, so to speak; you are just going to do it through the sites?

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

I think we've got a good launching point with the traffic of SourceForge and Slashdot. We -- you do need some sales resources. You do need some on-the-ground marketing to make things happen, but it's not going to be significant in the short-term.

Bill Sutherland - *Northland Securities - Analyst*

Okay, thanks, everybody.

Operator

Ladies and gentlemen, I will now turn the call over to Jennifer Bewley for closing remarks.

Jennifer Bewley - *Dice Holdings, Inc. - VP, IR & Corporate Communications*

Thank you, all, for your time this morning and interest in Dice Holdings. Management will be available to answer any follow-up questions you may have and to demonstrate our exciting new Open Web technology. Please call investor relations at 212-448-4181 to be placed in the queue. Have a good day.

Operator

Thank you very much. This concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.
