DHI Group, Inc.

Third Quarter 2015 Earnings

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CORPORATE PARTICIPANTS

Jennifer Milan - *Director of Investor Relations*

Mike Durney - *President, Chief Executive Officer*

John Roberts - *Chief Financial Officer*

PRESENTATION

Operator
Good morning, and welcome to DHI's Third Quarter 2015 Earnings Conference call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note this event is being recorded.

I would now like to turn the conference over to Jennifer Milan, Director of Investor Relations. Please go ahead.

Jennifer Milan
Thanks, and good morning, everyone. With me on the call today is Mike Durney, President and Chief Executive Officer of DHI Group, Inc. along with John Roberts, our Chief Financial Officer. This morning, we issued a press release describing the company's results for the third quarter of 2015. A copy of that release can be viewed on the company's website at dhigroupinc.com.

Before I hand the call over to Mike, I'd like to note that today's call contains certain forward-looking statements, particularly statements regarding future financial and operating results of the company and its businesses. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors.

The principle risks that could cause our results to differ materially from our current expectations are detailed in the company's SEC filings, including our annual report on Form 10-K in the sections entitled "Risk Factors, Forward-Looking Statements, and Management's Discussion and Analysis of Financial Condition and Results of Operations." The company is under no obligation to update any forward-looking statements, except as required by the federal securities laws.

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

Now, I'll turn the call over to Mike.

Mike Durney
Great. Thanks, Jen. Welcome to the DHI Group Third Quarter Earnings call. This morning, we'll update you on our progress and improving our operations, and further advancement we've made on our strategic plan. At the end of our remarks, we'll be happy to take questions.

Overall, we're pleased with our third quarter performance, which reinforces the strength of our diversified business model. We saw continued success with Open Web, and a number of our new and emerging products performed well, all of which are encouraging signs that the work we've been doing to improve and evolve our products is beginning to yield results.

We also made some further operational and structural changes in our organization that continue to strengthen our foundation and align our resources for growth.

To date, we've made real progress against our strategic plan, and we continue to work to elevate our business across all of our brands. As we work to strengthen our vertical leadership in our sectors, deepening relationships with our customers and the professionals who use our services is a top priority. In this regard, we continue to improve our core products in order to deliver talent to our customers most efficiently, and make the recruitment process as effective for them as possible.

Today, we're also providing more ways to engage with professionals in non-traditional ways, which has enabled us to expand our relationship with customers and is leading to increased engagement with our services.

As we described during our Investor Day and again on our second quarter call, we're focused strategically on three primary areas where we believe we can play and win - talent acquisition, sourcing management and career management. Within the overall talent acquisition and recruitment landscape, we continue to believe that sourcing will continue to play an increasingly important role and with that in mind, we're working to expand our sourcing management offerings with the unique combination of sourcing tools.

As an organization, we've been energized, focused and committed to executing, and the team has accomplished a great deal in the company's repositioning. Today, I'd like to highlight some of our accomplishments in Q3, which demonstrate the continued progress we're making.

In the area of improving efficiency and effectiveness of our core products and services at Dice, the ongoing success of Open Web is evident as we improve the customer experience, lifecycle marketing, and customer onboarding and engagement. We're seeing these efforts pay off with increased usage and retention.

We also launched an updated version of the Open Web Chrome Extension for Dice, which drove an increase in the number of extension downloads. This puts Open Web more firmly into Dice customers' natural workflow, and leads to efficiencies for them. Today, they can access profiles of candidates generated from the nearly 190 sources that Open Web aggregates from without having to leave the site they're on.

During the quarter, we reached a very exciting milestone for Open Web where the total paying customer count for Dice in the US surpassed 1,000 customers, almost 900 of which are under annual contract. Those are significant numbers for a product that introduced a new method of recruiting to the marketplace, and has only been a paid service for less than two years. As we continue to enhance the product and user experience for Open Web, we're focused on improving relevance and increasing the effectiveness of our customers.

Also at Dice, we've been working to expand the number of application tracing system integrations with key customers. This leads to two distinct benefits for us. One, the user experience is more seamless and has less friction, which results in a better experience for both our professionals and our customers and two, improved attribution of the performance we're driving for our customers, which ultimately allows us to more clearly demonstrate ROI for them.

At Rigzone, where we continue to streamline and enhance the overall platform, we've launched a number of new enhancements aimed at improving the user experience and driving increased engagement. These include the launch of benchmarking analytics tools which show customers how they measure against the baseline set of users and modified resume search results with improved graphical user interface and a more comprehensive expanded view of candidates. All the enhancements we're making to the Rigzone platform are aimed at improving search relevance, and the value we provide to customers.

While the market continues to be poor for recruitment in the energy industry, customers are noticing the improvements we're making and providing positive feedback regarding the commitment level during a downturn. This gives us more confidence that they'll return when the market starts to recover, and in our ability to capture market share over the longer term with a much stronger offering than we had six months or a year ago.

We continue to make considerable progress in healthcare during the third quarter with the launch of Spotlight in Health eCareers. Spotlight is a new employer branding product suite that features rich content, including employee sourced company reviews, integrated with the job search experience and aimed at building employer branding as part of the company's overall sourcing strategy. Not only does this enhance the user's experience with the site, but it's a revenue generator as well. Although it's early, feedback is very positive and customer demand has exceeded expectations.

So, we're thrilled to see how this service improves our customers' experience in the future. These are just a few examples of the enhancements we've been making that are improving the user experience of both customers and professionals.

Another area of strategic focus for us is developing deeper, higher value relationships, and we also made progress in this area during the third quarter. Our Sourcing Concierge product suite continues to perform well, and posted another quarter of record sales, demonstrating that customers are embracing new tools outside of traditional job postings and resume database access to help engage quality candidates and garner efficiencies. From our perspective, Sourcing Concierge offerings provide an effective way for us to extend our specialist expertise, provide enhanced support to our customers and deepen our client relationships.

Also in the area of developing deeper higher value relationships, we launched a new data and analysis service at Rigzone during the third quarter called RigOutlook, which is targeted to industry decision makers and other industry stakeholders, and supplements our existing RigLogics service. We're working on other projects that leverage the data we have in the energy business, which will expand our offerings in this area.

In terms of our continued strategic positioning work, following the rebrand of the IT Job Board to Dice at the end of June, we extended our Dice service into the UK and Continental Europe with one international tech offering. The rebrand has been well received by customers. While still small, we're now getting a number of customers buying Dice across our US and European sites. The next phase of the integration project will entail creating a user experience for all international Dice sites that is consistent across the board, with full platform integration to take place in phases over the next year or so.

As we look forward to how best to capitalize on our opportunities in both our existing brands and with new initiatives, we have realigned part of the company and shifted some leadership responsibilities to optimize ourselves for further growth. We created a separate entity to focus on our new initiatives, some of which you saw and heard about at Investor Day. We've put some of our best and most passionate product people on those projects under one leader, who will marshal the resource of the organization to bring those products and services to market. With that change, we've also realigned the Dice management structure to build upon the product improvement we've made over the past two years.

Lastly, we've combined three of our global brands, Rigzone, OilCareers and Hcareers to report to one leader through which structure we expect to get operating efficiency and sharing of best practices that we believe will benefit all three brands.

Moving onto other areas, we're happy with the continued growth delivered by our healthcare segment, with year-to-date revenue growth of 12% for Health eCareers, and 26% for BioSpace. These businesses continue to benefit from favorable market conditions, but also improvements we've made in the product, our go-to-market strategy, and our sales and support organizations.

Health eCareers also continues to supplement its core product portfolio with new offerings. In addition to Spotlight, which we mentioned earlier, we've previously discussed SHIFT, a new mobile platform for the contingent and freelance workforce in healthcare that was launched in beta in Q2. As we expanded SHIFT to more than 7,000 active SHIFTs and more than 4,500 registered professionals, early customer feedback has been positive around the quality of applications, and apply to hire ratios. An expansion of SHIFT will continue as we learn and innovate from early adopter feedback.

Looking forward, the environment for most of our verticals remains broadly similar to recent trends with the exception of the energy industry where job cuts continue. For most companies in the oil and gas sector, all hiring continues to be frozen while they adjust their businesses to the volatility in the marketplace.

While we've seen some signs of customers reengaging, we expect the negative impact on our business will continue in the fourth quarter and into 2016. But as I've discussed earlier, the team is working diligently to improve Rigzone's position for the longer-term.

We've made a lot of progress on our key strategic initiatives, although we have a lot more to do. Our path of innovation, integration and evolution continues, but I believe the key elements that will enable us to grow are in place, and it's encouraging to see many of our new and emerging products and services gaining traction. Across all of our businesses we've made great strides in elevating our product, our people and our processes, all of which are leading to increased engagement with our customers and professionals, greater affinity with our brands, and deeper client relationships.

While we continue to improve product performance and capabilities across our existing brands, we're also pursuing new opportunities for growth, including ones that will allow us to expand our addressable markets.

So before I turn it over to John, I'd just like to take a moment to thank all of our team members and acknowledge the tremendous amount they've accomplished. We have a much stronger foundation now in place, and continue to believe that as the strategic positioning work we have accomplished begins to take hold and new and emerging product offerings begin to show increasing contribution, we're well positioned to drive improved financial performance beginning in 2016 and deliver increased value to our shareholders over the longer term. So with that, let me just turn it over to John.

John Roberts
Great. Thanks, Mike. I will review the details of our Q3 financial performance, and then we will open the call up to questions.

As previously mentioned, we are in a process to sell the Slashdot Media business. So, where appropriate, I will speak to our financials excluding that business. We believe it is important to present our financial results and expected financial performance excluding Slashdot Media operations in order to portray a more accurate picture of the ongoing operations of DHI.

Overall, we're pleased with the continued progress we made on our operations during the third quarter despite ongoing headwinds within the energy market and from foreign currency translation. For the third quarter, I want to highlight a few areas that are important to our results. One, revenue growth in all of our core businesses on a constant currency basis with the exception of energy; two, higher year-over-year revenue per recruitment package customer at Dice, reflecting the positive impact of Open Web and other new products, as well as increased service levels by customers, and three, solid free cash flow generation while we continue to invest in innovation for future growth.

During the quarter, we used free cash flow to both reduce net debt and return cash to stockholders with the repurchase of approximately 1.2 million shares of our common stock. Overall, third quarter adjusted revenues excluding Slashdot Media decreased one-percent year-over-year on a constant currency basis. This reflects growth in most of our operating segments that was offset by the decline in the energy segment. Excluding energy and Slashdot Media, revenues increased 6% year-over-year on a constant currency basis.

As I discuss the specific segments, I will compare Q3 revenues on a segment basis to adjusted revenues from last year where appropriate. As a reminder, adjusted revenue adds back the deferred revenue adjustment to Q3 2014, which effectively has the impact of lowering the year-over-year growth rates. We feel it is appropriate to give this comparison in order to provide a more fair perspective of our relative year-over-year performance.

Additionally, with regards to the segments, we have included adjusted EBITDA and related margins in the press release in order to provide more insight into the various segments.

For the Tech and Clearance segment, revenues increased 4% year-over-year. Within that segment, Dice revenues increased one-percent. At September 30th, Dice recruitment package customers were approximately 7,700, which is slightly lower than the count at the end of the second quarter. About 92%, or nearly 7,100 of those recruitment package customers were under annual contract at quarter-end. The renewal rate on annual contracts was 69% in the quarter, with about 1,600 customers up for renewal during the quarter.

In Q3, recruitment package customers spent on average $1,101 per month, up 5% year-over-year as customers continued to increase their levels of service, including Open Web, which contributed nearly 60% of the 5% year-over-year increase.

Clearance jobs continued to do well in the quarter, and achieved year-over-year revenue growth of 23%. Growth in this business was driven by improved market conditions, including increased demand for security cleared professionals, and a shrinking supply of candidates. Clearance jobs was one of our first brands to use a pay-for-performance product, which has contributed to the overall revenue growth while also increasing the average number of active posted jobs to 14,000 from 12,000 a year ago.

Dice Europe revenues, while only about $2 million in the quarter, increased 17% year-over-year, due primarily to strength in the UK and Germany, driven by positive market dynamics, upsells to key clients earlier in the year, and new product offerings.

Q3 billings for the overall Tech and Clearance segment were up 4%, including an increase of 2% year-over-year at Dice. And from a margin standpoint, Tech and Clearance adjusted EBITDA margin has remained relatively consistent over the last year at 46% even as we have continued to invest in the product and technology organizations in that segment.

Moving onto our Finance segment, revenues decreased 2% year-over-year to $9.3 million. On a constant currency basis, revenues increased by 6% year-over-year. Overall, the trend is positive in the major financial centers.

In the UK, revenues increased 8% year-over-year in sterling, and accounted for about 43% of the segment's revenues. Broadly, the environment continues to be better than last year.

In the Asia Pacific region, which is 26% of overall segment revenues, revenues were up 10% in Singapore dollars with stronger performance in Asia, which was up 13% including Hong Kong and Singapore. And Continental Europe and the Middle East combined, 17% of the segment, revenues increased one-percent year-over-year in euros. Sentiment across Continental Europe was broadly stable in the third quarter while the Middle East continues to be more mixed.

And in the US, which is 14% of overall segment revenues, revenues were up 10% year-over-year. The increase was primarily driven by higher renewals, new business and contribution from new products, including branded postings and managed services, which is part of our Sourcing Concierge suite of products.

Overall, Finance segment billings were up 4% in the third quarter compared to last year, and up 12% on a constant currency basis. Adjusted EBITDA margins within the finance segment have picked up slightly from a year ago as we have been able to capture some of the revenue increase on the bottom line.

In our Energy segment, Q3 revenues were $4.7 million, down 42% year-over-year. Q3 billings decreased 56% from the prior year. In the quarter, we saw a continuation of the very difficult recruitment environment we have seen all year.

We remain committed to our long-term position in the energy market, and continue to focus strategically on tightly managing overall costs. Even though this market has been very difficult for us over the last year and margins have declined, we have still maintained profitability in this business as reflected in the 19% adjusted EBITDA margin in Q3 2015.

In our Healthcare segment, revenues were $7.9 million, up 11% year-over-year compared to Q3 2014 adjusted revenues due primarily to an increase in usage by customers at Health eCareers driven by increased engagement with customers. This is also reflected in the healthcare year-over-year billings increase of 23%.

Overall, both of the Healthcare brands are executing well, and Health eCareers in particular is getting the benefit of favorable market conditions. As this segment has grown over the last year, we have also been able to expand adjusted EBITDA margins from 8% last year to nearly 15% in Q3 of this year.

The Hospitality segment contributed $3.9 million in revenues in the quarter, up 2% year-over-year. Results are impacted by the decline in the Canadian dollar, as we use the Canadian dollar as our functional currency for that entity given its location in Vancouver, which was offset by the increased usage by customers driving early renewals of service. Hospitality billings were down 3%, primarily due to the early renewals in Q2 that we discussed on our Q2 call in July. As Hospitality segment revenue has expanded over the last year, we have also been able to capture some of the increase in adjusted EBITDA, with margins up from 42% last year to 44% in Q3 of this year.

Deferred revenue, which totaled $81.9 million at the end of Q3 2015, was up 2% from the end of Q3 2014, excluding Slashdot Media. The year-over-year increase was primarily driven by our Tech and Clearance segment, which grew 6%; the Finance segment, which grew 9%, partially offset by a decrease in our Energy segment.

On the expense side, operating expenses were essentially flat to last year at $54.2 million. Increases in headcount and non-cash stock-based compensation expense were largely offset by a benefit from foreign currency translation, lower marketing expense, and lower depreciation and amortization due to fewer depreciable assets and certain intangible assets becoming fully amortized.

Adjusted EBITDA totaled $19.1 million, or 29% of adjusted revenues during the third quarter. Adjusted EBITDA excluding Slashdot Media for the third quarter totaled $18.8 million, or 30% of adjusted revenues excluding Slashdot Media. Income tax expense totaled $3.6 million in Q3 compared to $3 million last year, resulting in an effective tax rate of 36% in 2015 compared to 24% last year. The lower rate last year reflected a $1.7 million benefit related to tax loss carry-overs obtained in the onTargetjobs acquisition that did not recur in 2015.

The company posted net income in Q3 of $6.5 million, resulting in diluted earnings per share of $0.12. Cash flow from operations totaled $12.4 million in the third quarter compared to $14.3 million last year. On a year-to-date basis, cash flow from operations was up $1.7 million, or 4% from last year. This year-to-date increase was largely impacted by lower tax payments in 2015 due to the timing of increased stock compensation deductions, and various book tax timing differences on our 2015 estimated tax payment requirements. We anticipate tax payments of $4 million in Q4 2015.

We generated free cash flow in the quarter of $10.6 million. In addition to the stock buyback during the quarter of approximately $9.3 million, we also reduced net debt by approximately $4 million compared to the end of the second quarter.

Now, I'd like to turn to our outlook for the remainder of the year, which will exclude Slashdot Media for the reasons I outlined earlier. Please refer to the table provided in the Business Outlook section in our press release.

For 2015, we now anticipate revenues in the range of $245 million to $246 million, and adjusted EBITDA of $72.5 million to $73.5 million. In Q4, we expect revenues of $61.5 million to $62.5 million and adjusted EBITDA of $17.8 million to $18.8 million.

In summary, the team continues to execute well, and our performance during the third quarter demonstrates that the work we have been doing to enhance both product and our operations is working.

We delivered improved constant currency results in all of our core businesses with the exception of Energy, and generated solid free cash flow while investing in innovation for future growth, strengthening our balance sheet, and returning cash to shareholders. As we look to 2016, we have a strong foundation in place, and believe we are well positioned to continue improving performance.

With that, we are ready to open the call up for questions.

QUESTIONS AND ANSWERS

Operator
Thank you. We will now begin the question and answer session. To ask a question, you may press the star then one on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press the star then two. At this time, we will pause momentarily to assemble our roster.

And our first question today comes from Doug Arthur of Huber Research.

Doug Arthur
Yes, good morning. Two questions. The product development investment accelerated in the quarter to, I don't know, around 22% growth. How do you see that playing out through '16? I know you have a lot of new products in the pipeline throughout the portfolio. And then any comment on currency expectations for the fourth quarter would be helpful. Thank you.

John Roberts
Sure. So, I'll start, Doug, and Mike can enhance.

So, on the product development, I think what you saw in the quarter is that as we continue to build out the product development and technology teams across the organization. We've been talking over the course of the year that we've been a little bit behind in terms of hiring there too. So, a little bit of catch up there in the quarter along with some costs related to really integrating the OilCareers website into the Rigzone as we finalize the rebranding of that segment. So, that's really contributing to what you're seeing in terms of the costs flowing through in the quarter.

I think in terms of product development and investments moving forward, what we've been saying over the course of this year, which is still the case, is that as we look at the investments we've been making certainly in Dice and Open Web, I think moving forward we expect to get some return on those investments without kind of guiding exactly where we're going to be with that on 2016. I think that's generally where we're moving towards.

The second part of the question was related to FX, right? So, in terms of expectations for Q4, I think we're still going to have impact related to FX in the quarter. If you look at where the rates where in Q4 a year ago versus they are now and what most forward contracts are saying for FX rates moving through Q4, I think we're still going to be impacted as we move through the fourth quarter.

Doug Arthur
Okay. Thanks a lot.

Operator
And the next question will come from Tracy Young of Evercore.

Tracy Young
Yes, hi. I just was wondering if you could talk about the market environment in Europe and what you're seeing. You obviously had some improvement there on the Tech side.

Mike Durney
Sure. So, I think overall the market hasn't changed very much. I think our performance has been enhanced as we've integrated Dice with the former IT Job Board, which is now Dice Europe. So, I think our own operating performance in those markets, specifically in the UK and the Netherlands and Germany over the last year, we've made a number of improvements.

So, I think the overall environment is probably roughly the same, but I think our operating execution has been on a continual improvement pattern. That's where you see the growth come from.

Tracy Young
Okay. And then looking ahead for Q4 in terms of the Energy segment, are you seeing a bottoming out? What are you seeing in terms of the market there?

Mike Durney
So, I would say the market continues to be really rough for us. I don't think we see any near-term improvements as I mentioned earlier. There are a handful of signs, and I would say a small handful, where customers now think that they have cut too much in terms of their recruitment activities and are starting to think about leveling off and coming back at a higher level. But, those are few and far between.

I think from our own operating experience, there tends to be a lag both on the downside and the upside, and we saw that in the previous downturn in '07 and '08, and then the comeback in '09 through '10 where there's probably a three to six month lag. So, if you go back right about a year ago from now is when the steep fall started. So, some of the customer contracts that we put in place in Q4 for calendar year 2015 reflected reduced demand. We're anticipating that there could be some further reductions from some of those earlier contracts that didn't fully right size. But, I think then you'll start to see the year-over-year performance from individual customers will start to level off coming out of the fourth quarter and into 2016.

So, I think you're going to see a little bit of a mix, but we don't believe it's going to get better in the very near-term.

Tracy Young
Okay. Thank you.

Operator
Again, if you would like to ask a question, please press star then one at this time. And our next question comes from Youssef Squali of Cantor Fitzgerald.

Youssef Squali
Yes, thank you. Good morning. Two questions, please. Mike, in your prepared remarks, you talked about the consumer experience having improved throughout the year, and particularly this quarter because of some things that you've done. I was wondering if you can maybe help share some key metrics around maybe usage and retention, again, not on the customer side, on the paying customer side, but mostly on the user side.

And then, you also talked about how we should expect better financial performance in 2016. I was hoping you would maybe provide some more clarity just around how you see 2016, meaning is the trend that you've seen so far this quarter affected just Tech and Finance growing mid-single digits is something that should be sustainable into next year? I know you're not guiding just yet, but just philosophically how you look at the growth and your budgeting for next year. Thanks.

Mike Durney
Sure. So, on the first one, some of it's qualitative and some it's quantitative, and some of it's anecdotal feedback we get from users, professionals who use our services across a broad spectrum. But if you take, for instance, on the Dice side, the number of applications and the rate of applications has been increasing during all of 2016 as we've made the process for engaging with job postings and for actually applying job postings easier. So, the rate of applications, it's varied, but it's been up year-over-year at the almost 30% range. The number of first time searchable resumes or profiles has increased relatively significantly during this year to the point where at various times, it's almost at 100,000 in the 90-day bucket. So, we've seen a level of activity and a level of engagement across the board, but those are specifically on Dice.

On Rigzone, there's probably a mix between the overall market conditions and what happens in the downturn from an engagement standpoint, but we've made a number of changes in the service, including on Rigzone, launching for the first time detailed job alerts that users can create on their own where in the past, we did all the searching and sent job notifications from the site. Now people can do it on their own. So, we've an increase in engagement in people doing search alerts.

So, there's a number of things, both qualitatively and quantitatively, from a user experience standpoint. Having said that, there's more to do, and we continue to focus on each of the brands with increasing the usability and efficiency with which people interact with our sites.

John Roberts
So, Youssef, I'll take the second part of the question in terms of looking out to 2016. We're obviously not guiding towards 2016 as we sit on the call today. But, I think as we look at the trends that we see in Q3, we're starting to see a number of positive signs through a number of the different brands, and you see that reflected in some of the revenue growth rates. You see that reflected in margin expansion in some of the core segments that we have.

I think as we sit here today and as we look out into Q4 and look out into 2016, our expectation is that those trends would continue as we move into '16. I think we've been saying over the course of this year, as we move into next year and out past next year that margin expansion is certainly something that we expect based on the investments we've been making.

I think that certainly improvement in the Energy market would help, although we're not banking on that, in 2016 as Mike said. And then I think the third broad area looking out into 2016 is really the broad suite of new products that we've been talking about over the course of the year.

So, Mike mentioned a few today in his remarks. We've talked about SHIFT. He mentioned Spotlight. We've talked about Open Web quite a bit. We talked about some of the other new products at the Investor Day back a number of months ago.

So, I think as we start to get more traction from that suite of products, while the revenue contribution probably won't be huge in the beginning part of 2016, our expectation is that we will start to see some benefit from those as we move through the year.

Youssef Squali
And just one follow-up if I may; can you comment, just broadly speaking, on the competitive landscape? There have been some newer entrants in the space that are attacking this market from interesting angles, like Glassdoor and a few others. I was wondering if you're seeing an increase in the competition out there, or do you feel that the space hasn't really changed all that much?

Mike Durney
Yes. I think the competitive landscape this year, or probably the past 12 to 18 months has been really interesting for us. The core traditional competitors are still the core traditional competitors. LinkedIn, which we always talk about as our most important competitor; that hasn't changed. They do a fabulous job in some respects. We think we do a fabulous job in other respects, and we have a nice place in the market as it relates to them.

I think the traditional generalists, Monster, CareerBuilder, StepStone, Totaljobs, SEEK, all continue on their same path. I think from an aggregator standpoint, the aggregators continue to be more and more important in the marketplace, although our belief is that they have a more dramatic impact on generalists than they do on specialists. And we continue to drive usage within our sites as a destination without the reliance on a pass through.

So, I think from a competitive standpoint, those are all broadly the same. I think as you pointed out, and we've said this before, including at Investor Day, one of the things that's happened over the last 12 to 18 months is you have a lot of new startup competitors that, given the availability of financing, which has been plentiful over the last 12 to 18 months, has given them life. And I think given the market, there's much more willingness to trial those.

So, we certainly see that in the Tech business. Those startups continue to be relatively small, and we think that our size and our historical presence in the market gives us an ongoing advantage, but they have been there, and it's been helped by the fact that there is financing and a willingness to trial.

Youssef Squali
Thank you.

Operator
And next, we have a follow-up question from Doug Arthur of Huber Research.

Doug Arthur
Yes, that was pretty much my question on the competitive landscape. I think if you look at the—your comment about the traditionalist job boards maintaining more of the same, I think they might take exception to that, just given the big deal they've made about their transformation to the golden SaaS model, so to speak, sometime down the road. But, do you feel by specializing in all these niches that it's an expert in, that that incremental approach can remain viable and competitive over a five year-plus period, where you've got some pretty large competitors changing their stripes?

Mike Durney
Yes, Doug, that's a great way to phrase it, and thanks for the clarification. So, let me refine a little bit what I said.

I think in our core businesses what I said I think holds. I think from a traditional provider of the services that we provide and that Monster and CareerBuilder and before them, HotJobs and SEEK, StepStone, Totaljobs and others as generalists provide, that hasn't changed very much. I think CareerBuilder specifically has done a great job of expanding its horizons. So, they now get into places in the marketplace where we don't actually compete.

So, I think you're using the phrase "They would take exception" I think would be fine because I think they may take exception because they're expanding their horizons outside of things that we focus on. I think from the core of what we focus on, I don't think the competition has changed very much.

Youssef Squali
Okay.

Mike Durney
From them. Sorry, just to be clear.

Youssef Squali
Right. Right.

Operator
Okay. And once again, if you would like to ask a question, please press star then one at this time.

CONCLUSION

Operator
Showing no further questions, I would like to turn the conference back over to Jennifer Milan for any closing remarks.

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

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.