

DICE HOLDINGS, INC.
Form 10-K
February 03, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR
 TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number: 001-33584

DICE HOLDINGS, INC.
(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-3179218
(I.R.S. Employer
Identification No.)

1040 Avenue of the Americas, 16thFloor
New York, New York
(Address of principal executive offices)
(212) 725-6550
(Registrant's telephone number, including area code)

10018
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, par value \$0.01 per share
Securities registered pursuant to Section 12(g) of the Act:

None

Name of exchange on which registered
New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant was approximately \$566,000,000 as of June 30, 2011, the last business day of the registrant’s second fiscal quarter of 2011.

As of January 31, 2012, there were 65,227,594 shares of the registrant’s common stock, par value \$.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information from certain portions of the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of December 31, 2011.

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NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Information contained herein contains forward-looking statements. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, and descriptions of our business strategy. These statements often include words such as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include, but are not limited to:

- increases in the unemployment rate, cyclicity or downturns in the United States or worldwide economy or the industries we serve, labor shortages, or job shortages;
- competition from existing and future competitors;
- changes in the recruiting and career services business and technologies, and the development of new products and services;
- failure to develop and maintain our reputation and brand recognition;
- failure to increase or maintain the number of customers who purchase recruitment packages;
- failure to attract qualified professionals or grow the number of qualified professionals who use our websites;
- capacity constraints, systems failures or breaches of network security;
- compliance with laws and regulations concerning collection, storage and use of professionals’ personal information;
- our indebtedness;
- inability to borrow funds under our Credit Agreement (as defined below) or refinance our debt;
- periods of operating and net losses and history of bankruptcy;
- covenants in our Credit Agreement;
- inability to successfully identify or integrate future acquisitions;
- strain on our resources due to future growth;
- misappropriation or misuse of our intellectual property, claims against us for intellectual property infringement or the failure to enforce our ownership or use of intellectual property;
- control by our principal stockholders;
- compliance with certain corporate governance requirements and costs incurred in connection with being a public company;
- compliance with the continued listing standards of the New York Stock Exchange (the “NYSE”);
- failure to maintain internal controls over financial reporting;
- loss of key executives and technical personnel;
- U.S. and foreign government regulation of the Internet and taxation;
- changes in foreign currency exchange rates;
- our foreign operations;
- inability to expand into international markets;
- unfavorable decisions in proceedings related to future tax assessments;
- taxation risks in various jurisdictions for past or future sales; and
- write-offs of goodwill.

NON-GAAP FINANCIAL MEASURES

Information contained herein contains certain non-GAAP financial measures. These measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States ("GAAP"). Such measures presented herein include adjusted earnings before interest, taxes, depreciation, amortization, non-cash stock based compensation expense, and other non-recurring income or expense ("Adjusted EBITDA"), and free cash flow. See Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" for definitions of these measures.

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PART I

Item 1. Business

Information Availability

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy and information statements and other material information concerning us are available free of charge on the Investor Relations page of our website at www.diceholdingsinc.com. Our reports filed with the SEC are also available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, by calling 1-800-SEC-0330, or by visiting <http://www.sec.gov>.

Overview

We are a leading provider of specialized career websites and career fairs for select professional communities. We target employment categories in which there is a long-term scarcity of highly skilled, highly qualified professionals relative to market demand. Our career websites serve as online marketplaces where employers and recruiters find and recruit prospective employees, and where professionals find relevant job opportunities and information to further their careers. Each of our career websites offers job postings, content, career development and recruiting services tailored to the specific needs of the professional community that it serves. Our largest websites by revenue are Dice.com, the leading career website in the United States for technology and engineering professionals, eFinancialCareers.com, the leading global career website for capital markets and financial services professionals, and Rigzone.com, a market leader in the oil and gas industry delivering content, data, advertising, and career services.

Our mission is to help our customers source and hire the most qualified professionals in select and highly skilled occupations, and to provide those professionals with the best job opportunities in their respective fields, through our specialized career websites and services for recruiters and HR managers.

The Dice.com service has operated for over 21 years, while eFinancialCareers.com has been in operation for over eleven years. Through eFinancialCareers, we are serving the financial services industry around the world by operating local websites serving 19 markets and five languages for financial markets professionals primarily in the United Kingdom, Continental Europe, North America, Middle East, Asia and Australia. Through Rigzone.com, we are serving the global energy industry. We also operate AllHealthcareJobs, a leading career website in the United States for healthcare professionals.

We believe that as recruiting activities continue to migrate online and the global workforce becomes increasingly specialized, both professionals and employers are demanding access to industry and occupation-specific online recruiting services and career content. Professionals use our base level services at no cost to manage their careers by posting their resumes and searching our large collections of job opportunities. Employers, recruiters and staffing firms pay us to post jobs and to access our databases of resumes of highly experienced and qualified professionals. The majority of our revenues are derived from customers who purchase our recruitment packages, which are available through monthly or longer-term contractual arrangements and allow customers to both post jobs and search our databases of resumes.

We believe that our long operating history has enabled us to build brand recognition and a critical mass of both customers and professionals, which has given us a distinct competitive advantage in our employment categories. As the breadth and number of job postings and skilled professionals using our websites has grown, the increase of each has fostered the growth of the other, further enhancing the value and scale of our marketplaces.

Our Company

Through our predecessors, we have been in the technology recruiting and career development business for over 21 years. Dice Holdings, Inc. (the "Company" or "DHI") was incorporated on June 28, 2005 by investment funds organized by General Atlantic, LLC (the "General Atlantic Stockholders") and Quadrangle Group LLC (the "Quadrangle Stockholders" and, together with the General Atlantic Stockholders, the "Principal Stockholders"). On August 31, 2005, Dice Holdings, Inc. purchased all of the outstanding common stock of Dice Inc. from its stockholders (the "2005 Acquisition"), and Dice Inc. became its wholly-owned subsidiary. DHI is a holding company and its assets consist

substantially of the capital stock of its subsidiaries, Dice Inc., eFinancialGroup, JobsintheMoney.com, Inc. and Rigzone.com, Inc.

On October 31, 2006, DHI acquired all of the outstanding capital stock of eFinancialGroup (the “eFinancialGroup Acquisition”). eFinancialGroup operated the career websites eFinancialCareers.com, which targets financial markets professionals and employers worldwide, and JobsintheMoney.com. Total consideration for eFinancialGroup was \$89.9 million (including the value of 3,628,992 shares of the Series A convertible preferred stock of Dice Holdings, Inc. issued as partial consideration for the eFinancialGroup Acquisition). The JobsintheMoney.com website was shut down in June 2010.

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On July 23, 2007, we completed our initial public offering (the “IPO”). We sold 6,700,000 shares of our common stock and selling stockholders sold an additional 10,000,000 shares of common stock at an initial public offering price of \$13.00. The selling stockholders granted the underwriters a 30-day option to purchase up to an additional 2,505,000 shares of the Company’s common stock at the initial public offering price. On August 16, 2007, the underwriters exercised the option to acquire 292,000 of those shares. Our common stock is traded on the NYSE under the symbol “DHX.”

On June 10, 2009, we acquired substantially all of the assets of AllHealthcareJobs.com, a leading online career site dedicated to matching healthcare professionals with available career opportunities. The purchase price consisted of initial consideration of \$2.7 million in cash (including working capital adjustments) and the issuance of 205,000 shares of the Company’s common stock (with certain restrictions) valued at \$959,000.

On May 6, 2010, we acquired the online and career-events business of WorldwideWorker.com, a global leader in online recruitment for the energy industry. The purchase price consisted of initial consideration of \$6.0 million in cash. Additional consideration of \$230,000 was paid in 2011 and an additional \$1.6 million is expected to be paid in February 2012. The acquisition resulted in recording intangible assets of \$4.9 million and goodwill of \$4.9 million. On August 11, 2010, we acquired all of the issued and outstanding shares of Rigzone.com, Inc., a market leader in the oil and gas industry delivering online content, data, advertising and career services. Rigzone has generally focused its efforts on the U.S. market. The purchase expanded our footprint in the energy vertical. The purchase price consisted of initial consideration of approximately \$39 million in cash. In October 2011, additional consideration of \$12.7 million was paid under the purchase agreement for the achievement of certain revenue goals through June 30, 2011, bringing the total purchase price to \$51.7 million. The acquisition resulted in recording intangible assets of \$24.6 million and goodwill of \$30.2 million.

During January 2012, we combined WorldwideWorker and Rigzone into one service under the Rigzone brand, creating one global service with strong reach in each of the major energy producing regions of the world.

Our Segments

The following table summarizes our revenues by reporting segments, which are described in each of the subsequent discussions:

	Year ended December 31,								
	2011		2010		2009				
	(in thousands, except percentages)								
Revenues:									
Tech & Clearance	\$ 115,011	64.2	%	\$ 88,206	68.4	%	\$ 80,918	73.6	%
Finance	44,970	25.1	%	33,730	26.1	%	26,734	24.3	%
Energy	15,622	8.7	%	4,440	3.5	%	—	—	%
Other	3,527	2.0	%	2,621	2.0	%	2,339	2.1	%
Total revenues	\$ 179,130	100.0	%	\$ 128,997	100.0	%	\$ 109,991	100.0	%

Refer to the notes to our consolidated financial statements for a measure of profit and assets by segment.

Tech & Clearance

Our Tech & Clearance reporting segment is comprised of the Dice.com and ClearanceJobs.com career websites. Revenues are derived mostly from sales of recruitment packages to recruiters and employers, which are a combination of job posting slots and access to a searchable database of candidates. Revenues are also generated from the sale of classified job postings to recruiters and employers, along with website advertising.

Dice.com is the leading recruiting and career development website for technology and engineering professionals in the United States. During January 2012, Dice.com had over 2.4 million unique visitors, an increase of 5% since January 2011. As of January 31, 2012, there were approximately 84,000 job postings on Dice.com.

ClearanceJobs.com is the leading Internet-based career network dedicated to matching security-cleared professionals with the best hiring companies searching for new employees. During January 2012, ClearanceJobs.com had approximately 316,000 unique visitors, a decrease of approximately 16% since January 2011, and as of January 31,

2012 had approximately 5,600 job postings on ClearanceJobs.com.

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