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*Taking paper out of insurance*

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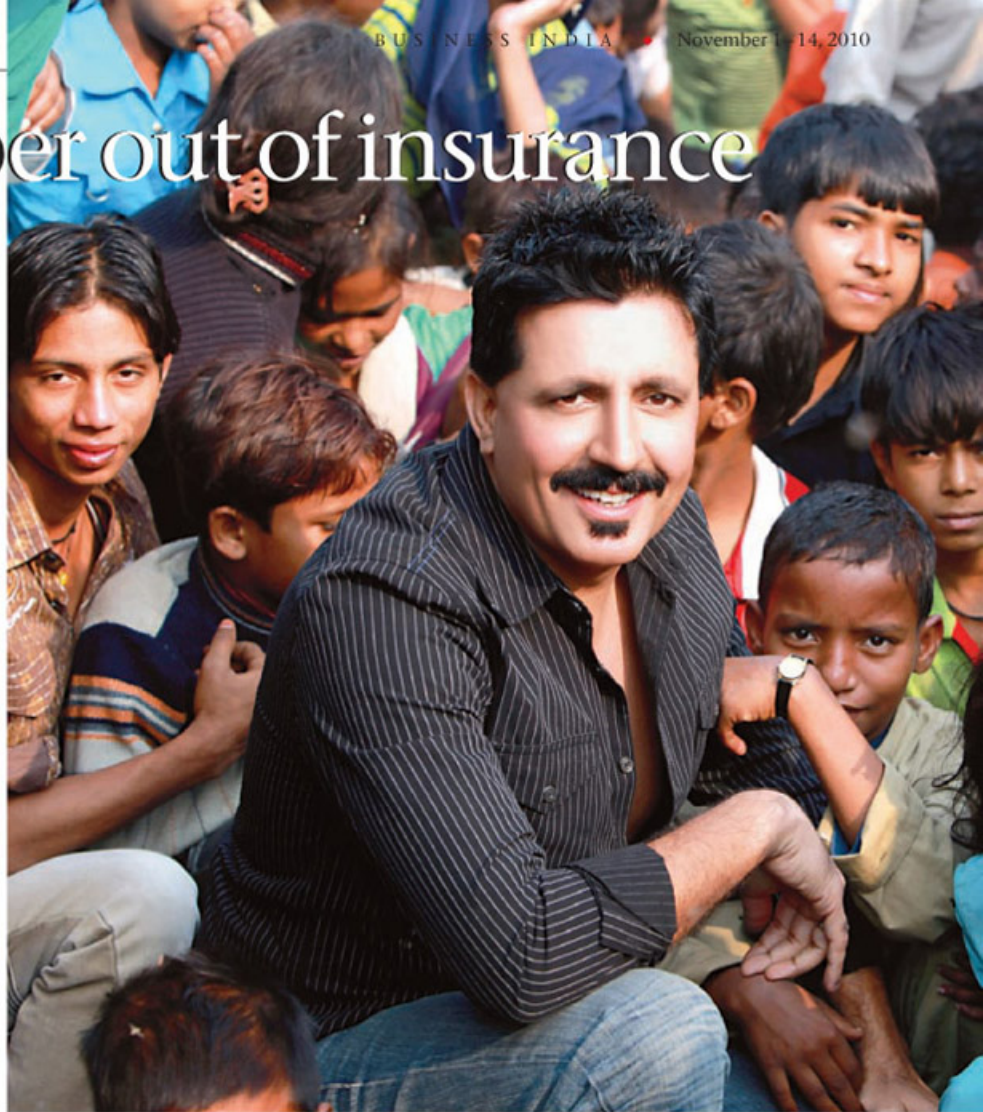
# Taking paper out of insurance

The quickest way to provoke Robin Raina is to mention the Commonwealth Games. But unlike many, he doesn't decry the mess and incompetence which plagued the mega-event; instead, he is troubled by administration's efficiency. "Look at the way Delhi government worked overtime in the past few years to throw thousands of slum-dwellers out to cleanse the city for the Games," bemoans Raina. "They were left to fend for themselves in Bawana (on the outskirts of Delhi), which has since become the second-largest slum in the Indian subcontinent with 50,000 families." Has Raina done anything? "Yes, a bit," he replies.

In 2007, soon after the slum land in Bawana was legalised, the Robin Raina Foundation resolved to spend ₹100 crore on building 6,000 concrete homes free of cost, and extending education and healthcare infrastructure. Three years and the Games later, the Foundation has handed over 1,157 homes in batches and is constructing the rest. "We also manage a school in Bawana with 600 students, and are building healthcare facilities for the residents," Raina reveals.

Sounds compassionate and generous, but who is this person? Robin Raina, 43, is the chairman, president and CEO of Atlanta-based Ebix Inc, a supplier of on-demand software and e-commerce services to the insurance industry. In August 2010, *Fortune* ranked Ebix third on its list of '100 fastest-growing companies'. Raina himself was named the 'No.1 CEO in Georgia' for two years running (2008 and 2009) by the *Atlanta Business Chronicle*. The Nasdaq-listed Ebix, targeting a turnover north of \$130 million in the current year and \$200 million in 2011, has a market capitalisation of \$840 million and employs around 1,500 persons.

That seems pretty cool for a company which faced demise barely a decade ago, just before Raina took



**Robin Raina has applied his Internet philosophy to insurance, creating a seamless digital highway and online exchanges**

over the reins as CEO in 1999. He got there by chance, though. "I was sent to the US on a trouble-shooting assignment by Pertech Computers Limited (PCL) and ended up switching jobs," he says. The Kashmir-born Raina, who did his schooling and college in Punjab, had joined PCL in 1990, after completing engineering from Thapar Institute of Engineering Technology, Patiala.

## Star of the show

Initially, posted in Mumbai to market PCL computers, Raina emerged as the star salesperson within a year. PCL rewarded him with a promotion and transferred him to New Delhi, where he continued his winning streak, registering the highest sales for two con-

secutive years and moving up the corporate ladder. "I kept getting promotions and became a regional manager within three years, making pretty good money for myself," he says.

Raina was getting offers from rivals too, including IBM, "which were throwing in a lot of money", and Compaq, which wanted him as managing director of its Vietnam operations at a "huge salary". But he opted to continue with PCL. "Everyone said I was crazy to spurn such offers and the big money that came with it, but you can get lost in these multinationals and never be on your own," Raina believes. "I was comfortable in a smaller and friendly entity like PCL."

In 1995, PCL posted Raina in Singapore to stabilise and grow its software



subsidiary, Mindware. "We expanded the operations and made it profitable. But I didn't want to be in Singapore. It was a small and claustrophobic place," he confesses. So, in 1997, Raina landed in the US to bail out another PCL subsidiary, Altos. It was a \$200-million-a-year, contract-manufacturing operation, servicing HP, Dell, Seagate and others. Altos was losing out on orders and a desperate PCL had despatched its trusted lieutenant to strike a "couple of \$100 million contracts", to keep Altos afloat. "Eight months later, I cut a deal with Motorola, worth \$125 million on paper," says Raina. But, by then, a troubled PCL was trying to sell Altos, which was eventually acquired by the lender banks. PCL then asked Raina to handle its Mindware operations in the US, which he did for a while, before finally quitting the PCL universe.

Raina arrived at Ebix amid sneers

that he wasn't an 'insurance guy', though the insurance guys at Ebix were doing an awful job themselves. "Indeed, insurance was an outdated industry and I didn't know much about it," Raina confides. "But I always loved opportunities, where people were in trouble and you could make your impact felt." Ebix's operations had shrunk over the years and it was losing millions. In 1999, it reported a loss of \$19 million and faced delisting from Nasdaq since the stock price was sub-\$1.

Raina pulled off a turnaround at Ebix, pushing it into a much wider landscape and making it an end-to-end entity in the insurance business. He changed tacks and transformed the company from a legacy support player into an industry-wide infra-

structure provider by introducing online exchanges. Today, Ebix provides solutions for the insurance industry, ranging from exchanges, carrier systems, agency systems and BPO services to customised software for those involved in the insurance and financial industries. It serves more than 100 insurance industry clients in some 50 countries, deploying and powering multiple exchanges in the field of life, annuity, health and property and casualty insurance.

#### Packing power

These exchanges process around 16 million transactions and more than \$100 billion in insurance premiums annually on their platforms. Ebix has also grown through several acquisitions across countries since 2008. In Australia, for instance, Ebix exchanges power the majority of that country's property and casualty (P&C) insurance transactions. "We want to be the back-end powerhouse of insurance transactions globally," asserts Raina.

Ebix's revenue model is equally robust and accretive, creating a consistent stream. The revenue is derived from the transaction fees charged for each data transaction processed on its exchange, which ensures a stable cash

flow. "Our offering is like a road between Delhi and Noida. You have to pay a toll each time you use it. Similarly, Ebix streamlines data flow from one end to another and users pay a fee for using it. They also need to commit to minimum volumes every year," explains Raina, adding, "that is our special sauce."

Guarantee for a good ride, then. A recurring revenue flow, in excess of 70 per cent every year, has seen Ebix post 40 consecutive quarters of sequential growth, rank nearly on top of the 100 fastest-growing companies in the US and clock 40 per cent in margins in the past few years. "We are not focussed on revenues; we are driven by profitability," says Raina. "Ebix, for instance, has projected \$200 million in revenues for 2011. That's not the

**We are not focussed on revenues; we are driven by profitability**

real challenge for us; it's to do it with \$70-80 million in profits. This is the benchmark we are evaluating ourselves on."

Markets love that mantra. Ordinarily, a company with a \$1 billion in revenue generates \$80-100 million in profits; Ebix does it with \$200 million. This explains its high market capitalisation of \$840 million on revenues of \$64 million and net profit of \$26 million in the first half of 2010, ending June 2010. For Raina, who is the second-largest shareholder, a stake of 14 per cent translates into a cool \$118 million (₹530 crore). "My stake would rise to 20 per cent in case Ebix decides to part ways," he says.

But Raina is unfazed. "Millions do not mean much to me. I never aspired to be rich. But now that it has happened, I would like to give back," he declares. His self-named 'Robin Raina Foundation', supports children with education, food, shelter and medical needs. "I want to make charity fashionable and cool," he says.

He may as well, considering he inherited a tough task at Ebix, turned it into a solid growth story, and proved that he indeed was an 'insurance guy', though of his own kind.

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