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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Ebix Inc. Third Quarter 2020 Investor Call. (Operator Instructions) As a reminder, today's conference may be recorded.

I will now turn the conference over to your host, Darren Joseph, Ebix Corporate Vice President. Please go ahead.

Darren S. Joseph ***Ebix, Inc. - Corporate VP of Finance & HR***

Thank you. Welcome, everyone, to Ebix, Inc.'s Third Quarter 2020 Earnings Conference Call.

Joining me to discuss the quarter is Ebix Chairman, President and CEO, Robin Raina; Ebix Global CFO, Steven Hamil; and Ebix North American President, Ash Sawhney.

Following our remarks, we will open up the call for your questions.

Now let me quickly cover the safe harbor. Some of the statements that we make today are forward looking, including, among others, statements regarding Ebix' future investments, our long-term growth and innovation, the expected performance of our businesses and our use of cash. These statements involve a number of risks and uncertainties that might cause actual results to differ materially from those projected in the forward-looking statements. Please note that these forward-looking statements reflect our opinions only as of the date of this presentation, and we undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements made today is contained in our SEC filings, which list a more detailed description of the risk factors that may affect our results.

Our press release announcing the third quarter 2020 results was issued this morning. The audio of this investor call is also being webcast live on the web at www.ebix.com/webcast. You can look at Ebix's financials beyond what has been provided in the release on our website, www.ebix.com. The audio and the text transcript of this call will be available on the investor homepage of the Ebix website after 4:00 p.m. Eastern Time today.

Let me now present the key metrics in our Q3 2020 release. Q3 diluted EPS GAAP was $0.80 and non-GAAP diluted EPS was $0.93. 9-month year-to-date operating cash flow of $71.8 million, revenues of $154.3 million and constant currency revenues of $160.2 million. GAAP operating income of $31.9 million and non-GAAP operating income of $35.8 million. For me, the highlight of the quarter were mainly 3 things. One is that despite the impact of COVID-19 on our businesses worldwide and the foreign currency hits on account of the U.S. dollar strengthening, we are still reporting Q3 2020 GAAP EBITDA plus stock-based compensation of $36.5 million. Two, our strong year-to-date operating cash flows of $71.8 million, which is 18% higher than the full year 2019 operating cash flows of $60.8 million. Three, despite COVID-19, our Q3 2020 worldwide revenues grew 39% sequentially over Q2 2020. Excluding revenues from areas directly impacted by COVID-19, namely the foreign exchange, travel, e-Learning and remittance businesses, our Q3 2020 revenues grew 56% as compared to Q3 2019. Exchanges, including the EbixCash and our worldwide insurance exchanges continue to be the largest channel, accounting for 90% of our Q3 2020 revenues. FX also played a substantial role in the quarter with the U.S. strengthening in light of COVID-19. On a constant currency basis, Ebix's Q3 2020 revenues would have been approximately $5.9 million higher while the 9-month

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year-to-date revenues would have been approximately $15.9 million higher as compared to the GAAP revenue numbers reported. The EbixCash financial exchange revenues increased 18% by $14.7 million from $82.1 million in Q3 2019 to $96.8 million in Q3 2020. However, that increase looks even more impressive when one looks at the temporary impact of COVID-19 on our travel, ForEx, e-Learning and remittance businesses, that were down by $41.5 million in Q3 2020 as compared to Q3 2019. Excluding travel, ForEx remittance and the e-Learning businesses, Ebix cash revenues grew 268% in Q3 2020 versus Q3 2019.

Beginning in March of 2020, our businesses in the area of on-site consulting, travel, foreign exchange, remittance and education were hit severely because of COVID-19. Once the pandemic led to a global shutdown and a virtual human curfew was imposed in many countries, the effect of these business lines was natural. Considering that, we feel good about the Q3 2020 results and the resilience shown by our employees across the world to allow us to keep supporting our B2B clients.

I'll now turn the call over to Steve.

Steven M. Hamil ***Ebix, Inc. - Executive VP & Global CFO***

Thanks, Darren. Good morning. I'd like to thank everyone for their interest in Ebix as well as our employees for all that they do for the company every day. Ebix continues to navigate through rough COVID-19 waters, but also continues to show that its global presence and diverse revenue streams allows the company to continue to generate solid revenues and cash flow. The company's foreign exchange, travel, remittance and e-Learning businesses experienced an approximately 70% decline in year-over-year revenues during the third quarter of 2020. But that's an improvement from an approximately 90% decline year-over-year in the second quarter of 2020. Despite that negative impact due to COVID-19, the company delivered EBITDA plus noncash stock comp of $36.5 million during the third quarter of 2020. Darren already provided an overview of the operating results for the quarter, so I'll focus on providing a bit more detail around those results.

Gross margin in the third quarter of 2020 was 44.3%, a decline from 55.9% in Q2 '20 and 62.5% in Q3 '19. EbixCash continued to see strong revenue performance within its Payment Solutions business in India during Q3 '20 as a result of increased demand for electronic payment products. These revenues have lower margins than other Ebix solutions and thus diluted our gross margins versus the prior year. We expect elevated levels of demand for our Payment Solutions products in India, while the pandemic persists and possibly longer as consumers and businesses change their payment habits. Ebix continues to manage its G&A and other costs as the pandemic lingers on. Our G&A expense declined $26 million in Q3 '20 versus Q3 '19, a 55% reduction year-over-year. The decline was primarily due to 3 items: first, a $12.1 million bad debt reserve was taken in Q3 '19 related to a public sector entity, BSNL in India, which impacts the year-over-year comparison. Second, the company's employee-related costs, including travel expenses in Q3 '20 were approximately $10 million less than in the third quarter of '19. Lastly, due to COVID-19, total rent expense for Ebix is over $6 million less in Q3 '20 versus Q3 2019. The rent reduction originates from rent forgiveness at international airports as a result of lockdowns and significantly diminished air travel, particularly international travel into and out of India. The $71.8 million of operating cash flow produced during the first 9 months of 2020 compares favorably to $60 million of operating cash flow in the Q3 '19 year-to-date period. The increase in operating cash flow year-over-year was most impacted by trends in trade AR in 2020 versus 2019.

With COVID 19, negatively impacting the world economy since March of 2020, our accounts receivable has decreased as a result of decreasing sales in our travel, foreign exchange remittance and e-Learning businesses. Total cash and short-term investments of $127 million at 9/30, '20 compares to $116 million at December 31, 2019. Our liquidity remains ample, even after the company incurred significant cash usages in the year-to-date period ended September 30, 2020, including investments of over $15 million for acquisition activities, $6 million for capital expenditures and software development and $7 million for stock dividends as well as $35 million used for debt repayment, $22 million for debt service and $8 million in cash taxes paid.

Working capital remains robust at $149 million at September 30, 2020 versus $129 million at fiscal year end 2019. Ebix's weighted average diluted shares outstanding was $30.8 million in Q3 2020. And as of today, the company expects the diluted share count for Q4 2020 will be approximately $30.9 million. The company's consolidated net leverage ratio as defined in our corporate syndicated credit facilities, was just under 4x at September 30 versus our covenant limit of 5.5x. The company continues to manage its leverage in the face of the global pandemic that has caused material negative impacts on some of our business lines. The EbixCash IPO continues to be a goal, but will not happen prior to the second half of 2021 based on current market conditions.

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Finally, Ebix's Form 10-Q will be filed later today. Ebix is no different than many companies in dealing with the COVID-19 pandemic. We are working every day to stay close to our customers and provide world-class software and business services solutions globally. Ebix has a portfolio of solutions and services that is diverse, global and critical to our customer base. We will continue to execute on our operating strategy to enhance our position as a global insurance and financial technology leader.

I'd like to now turn the call over to the President of our North American insurance businesses, Ash Sawhney, for his remarks on the quarter. Ash?

Ash Sawhney ***Ebix, Inc. - President -- Insurance Solutions of North America***

Thanks, Steve, and good morning, everyone. In Q3, our core businesses in life and annuities continue to stay strong. Measuring the quarterly run rate for Q3 2020 compared to Q3 of 2019, the life and annuity exchange revenue was up 14%. We also saw a 4% sequential growth in our core insurance consulting business. These gains were offset by losses in our general insurance consulting business, primarily related to COVID-19 as some of our noncore entertainment business clients like Disney and Fox Network were affected. We also attribute that to a loss of a CRM client and a temporary slowdown in our health exchange revenue related to COVID 19.

I will now talk about noteworthy initiatives in our business units. I am pleased to report that the JP Morgan annuity implementation is on track to go live this month with an initial set of carriers. According to the roadmap, we anticipate most of the other carriers will be onboarded by Q1 of 2020, and we will see a steady uptick in transaction volume. In Q3, we also initiated a track to onboard JP Morgan to our life exchange. This will be a parallel initiative with its own incremental revenue stream starting in 2021.

In Q3, we also added Symmetra and Brighthouse to our list of annuity maintenance clients. Our core insurance consulting business has started to turn around. This was enabled by new initiatives including offering testing-as-a-service for the JP Morgan platform, adding training services to our portfolio and expanding those capabilities at accounts like Allianz, Securian and USAA. We have also been working on a significant new outsourcing relationship with a cloud services solution provider. This relationship will give us new outsourcing revenue starting in Q4 to our existing insurance and banking clients. Cloud enablement of core platforms has been a high priority for our customers. We believe Ebix is well positioned to help our customers with strategy, planning, and migration towards cloud-enabled solutions.

More on this in the near future as we plan to make a formal announcement of this. Our underwriting exchange and illustration exchange divisions stayed relatively flat in Q3 compared to Q2. The underwriting unit has been flat primarily because clients have reprioritized initiatives and put new long-term strategic initiatives on temporary pause while we address the short-term business continuity projects in light of the COVID impact. Our existing in-flight initiatives stood unabated, and we fully expect the new strategic initiatives to be back at the forefront as the industry in general, moves towards normalization. We successfully hosted a remote user group meeting, which was attended by all our major customers. We unveiled several new capabilities and initiatives, including direct-to-consumer models, AI enablement and advanced new features in automated underwriting.

Overall, our employee benefits division was flat compared to Q2. Certain offerings, such as on-site health screening were significantly impacted in Q3 due to the impact of COVID-19. These were offset by increased sales of our wellness content solutions. We are in early stages of establishing with large new partners, including CBIZ and Integrity Health. We expect new opportunities through these partnerships in coming months. We were also able to renew our relationships with several large accounts, including Cintas, MetLife and BB&T. In Q3, we launched a few new product offerings in this business area, and we expect this to yield positive results for us in Q4. The medical certification business showed a slight gain compared to the last quarter. This was enabled by a timely redirection of this business towards a digital motor, which enabled us to keep this business fairly insulated from the COVID impact. And at the same time, we were able to reduce costs.

Going forward, we are adding an exciting new service of virtual conference recording and digitization for our customers. We did a pilot with Harvard Medical School in Q2, which was a huge success. We are seeing similar opportunities with other renowned medical institutions. Q4 traditionally is a strong quarter for this business unit, and we are geared up for the same this year. Our certificate tracking business stayed steady during Q3. This unit has held steady during the pandemic, even though we saw lockdowns and

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slowdowns in several industries. We added a total of 8 new customers last quarter, for RCS. Some of the big names include BWX Technologies, a leading supplier of nuclear components and fuel to the U.S. government; Hudson Group, one of the largest travel retailers in North America, and Marceco Limited, one of the largest print authorized retailers. Our P&C risk management division grew 4% sequentially and 10% over the same quarter last year. Notable achievements were addition of 9 new workers' comp EBI customers, adding of 3 new clients to our risk and vision exchange platform and adding 2 new customers for Medicare compliance. Our health e-commerce exchange saw a 6% decline, primarily because of COVID-19. This group was temporarily impacted because of the market conditions related to temporary spikes in unemployment and furloughs as we get paid on a per employee per month model. As employment gets back to pre-COVID levels, we will see this division get back to normalcy.

On a positive note, Ebix Health has been pursuing new partnerships, which will bring new revenue opportunities. New partnerships include eQHealth, a world-class population health management firm that will provide both software and services to our client base, for disease management, case management and utilization management. We are currently working on deals with large, several large customers. We are also getting ready to roll out a new partnership with Change Healthcare (CHC), to provide a variety of pre adjudication services, including clearinghouse, data entry, EDI management, repricing workflow management and fraud and abuse. We are also working on a partnership with a software firm that provides coating solutions to agents and brokers in the health insurance arena.

Overall, we continue to stay bullish about the longer-term outlook of the North American business. There are several drivers and initiatives that will propel our growth once COVID-19-related impacts are behind us. While most of 2020 from Q2 onwards has been -- has seen us operating in a hunker-down mode, we are planning to step up investments in sales, particularly in those divisions where we have a leadership position and where the fundamentals of the businesses are strong. We will also benefit from the transaction revenue, which will start kicking in, in 2021 from the JP Morgan network of annuity & life carriers. We will see a steady uptick starting in Q1 2021. We are excited about the earlier mentioned partnership and outsourcing deal, which we hope to announce soon. This will create an incremental, differentiated and scalable opportunities.

I would like to close by thanking our highly dedicated and highly talented employees who have enabled us to weather through a very difficult period. We are on track to come out a much stronger and healthier organization due to the measures taken during this period.

I will now pass it on to Robin for his comments.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Thanks, Ash. Thanks to all of you for joining this call. I hope that each one of you and your loved ones are keeping safe.

Let me first just summarize a few highlights from the quarter for me. One, the year-to-date cash flow of $71.8 million is definitely something that I like, considering the times we are in at present; two, EBITDA plus stock-based compensation stood at $36.5 million for the quarter. If we excluded payment services from this analysis, EBITDA plus stock-based compensation, outside payment services was at 40%. Three, on the revenue front, our overall revenues grew 39% sequentially in the quarter. Four, our high-margin international revenues in countries like Australia, Brazil, Singapore, U.K., India, were impacted by the strengthening of the U.S. dollar that accompanied the COVID-19 pandemic. It hurt our revenues by $5.9 million in the quarter, and $15.9 million in the 9-month period. That is noteworthy as a high percentage of that number would have served to increase our operating income in the quarter and the 9-month period.

As I speak to you today, COVID-19 is still continuing to have a terrible effect on businesses across the world. Our businesses in obvious areas like travel, foreign exchange, e-Learning, consulting and remittance, continue to get affected by COVID-19 though we saw substantial improvement sequentially over the second quarter of 2020. Even in technology-intensive areas, clients have continued to delay implementations, sometimes on account of internal focus issues and sometimes because of cost pressures. Most of our employees across the world continue to still function from their home. Travel to client sites is nonexistent at present, clearly hurting our consulting businesses across the world.

Considering all of this, our income, operating cash and revenue numbers in the quarter, if anything, convey the inherent consistent strength of the Ebix story. COVID-19 has impacted all across the world in a terrible manner. I have personally felt the impact of the

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pandemic in a devastating manner. I recently lost my beloved mother to the disease, while having to deal with the pain of seeing my dad and elder sister fight the disease in a COVID hospital ICU. The last 2 months have been a humbling experience for me, conveying the fragility of the world we live in and a reminder of the value of love and affection over everything else that we chase.

Coming back to business. Ash, Darren and Steve have talked about the overall business and the U.S. insurance business. So let me just talk about the international businesses and the new revenue areas for Q4 and beyond.

To counter the impact of COVID-19, our international businesses readjusted their focus in the quarter. Sequentially, most of our regions internationally grew in Q3 over Q2 of 2020. Australian revenues grew sequentially by 11%, New Zealand by 20%, Brazil and U.K. by 2% each and Singapore by 13%. Despite COVID-19, the EbixCash Financial Exchange revenues increased 18% by $14.7 million from $82.1 million in third quarter of '19 to $96.8 million in third quarter of 2020. Excluding travel, ForEx, remittance and e-Learning businesses that were impacted severely by COVID-19, EbixCash revenues grew 268% in third quarter of 2020 versus the third quarter of 2019. On a sequential basis, EbixCash overall revenues grew 82% in the third quarter of 2020 over second quarter of 2020. Remittance revenues grew 46% sequentially, while foreign exchange revenues grew 113% sequentially. Travel revenues grew 346% sequentially, while our technology-based India revenues grew 8% sequentially in third quarter of 2020. I expect EbixCash revenues to continue to grow in coming quarters with the gradual improvement in the travel, foreign exchange and e-Learning areas besides the organic growth in our other business areas. We are, for example, presently pursuing some large opportunities in the bus exchange arena that are highly recurring and income-intensive. We are presently trying to draw a balance between our efforts to grow our EbixCash margins and our attempts to be a leader in the financial markets. EbixCash performance is particularly noteworthy when you compare it to its key competitors with high valuations who collectively lost $1 billion last year in the Indian market and delivered much less top line growth than EbixCash.

Let me now talk about the insurance businesses itself. Our results in the fourth quarter of 2020 are expected to get boosted by the traditional CME top line growth, continuing medical education top line growth in the fourth quarter of the year. Besides, we have a number of new wins in the area of insurance exchanges that should contribute to our results. We have recently agreed on a cloud-based venture in the United States that should give revenue upwards of $10 million a year to us, more on that later.

Ash talked about a number of new wins in Q2 and the healthy pipeline for the insurance businesses in coming quarters. I expect that to be accompanied by support from our international U.S. businesses, international businesses in Q4 and the future quarters. Australia expects a record quarter in the fourth quarter of 2020 in local currency terms, while Brazil, U.K., Singapore, et cetera, are expected to continue to be consistent in Q4 and beyond. In 2021, contractually, we are expecting to see a 20% increase in U.K. revenues. Once the COVID-19 impact reduces in 2021, our wealth management, lending and insurance businesses internationally are expected to pick up substantially. Our growth in these areas can come out of selling our end-to-end products in the Middle East, Africa, Asia, Europe and India. Incidentally, we consistently net 40% plus margins in this business area. Today, 70% of our revenues in this business area come from the Middle East, Europe, Africa and Asia. Our Bombay Stock Exchange, Ebix joint venture is ready to go into the next gear in 2021. While our technology-based ventures, like the bus exchange initiative are expected to show substantial growth in 2021. We have used the COVID-19 period to substantially enhance our product offerings besides shoring up our technology in terms of scalability and end-to-end solutions, specifically in the BSE-Ebix insurance arena.

We recently agreed to acquire a call center business in India, that is expected to provide fulfillment to all our EbixCash and worldwide businesses besides opening up new cross-selling opportunities for us. We expect this business to generate 30% EBITDA margins besides providing 50% plus organic revenue growth in 2021. We have a present pipeline to support our growth with infrastructure to support up to 2,000 seats.

From a branding and IPO perspective, EbixCash today is a household brand in India. Our studio partnership with Republic TV gets us a lot of eyeballs as Republic Network became India's largest TV network in terms of viewership this year. Last year, we announced a number of partnerships in the game of cricket targeted at getting in front of the 600 million people who watched cricket's largest league IPL on TV. Indians are cricket crazy, and it is estimated that more Indians watched IPL cricket this year than the Indians who voted in the general elections. EbixCash branding efforts struck gold when the team supported by us, Delhi Capitals got into the finals of the IPL league a few days back, an estimated audience of 300-plus million people are expected to watch Delhi Capitals, wear EbixCash on the

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back of their t-shirts play in the finals to be held a few days from now.

With regards to the IPO, we are keeping our fingers crossed as we look at the overall IPO climate improve in India. We already have 3 top investment banks on our site with a fourth investment bank to be added to the investment banking team. We already have the legal firms hired, along with a Big Three firm for subject matter analysis work that goes into our IPO documents. The IPO effort is a very involved process that entails hiring of 3 to 4 set of legal firms, multiple subject matter, analyst firms, a credit rating firm, IR and PR firm, auditors to approve all numbers being filed across 3 years for all subsidiaries, et cetera. We think that it is prudent to let the COVID-19 crisis blow over and let the markets normalize before we launch our IPO. Accordingly, we intend to work closely with all our investment bankers through this period, and keep parcels in a ready-mode for the IPO, while we wait for this pandemic to pass. We're keeping a close watch on the improving financial markets in India. The recent IPOs in India have been heavily oversubscribed, and there seems to be a pent-up demand for solid IPOs. There are a number of big IPOs planned next year. And we hope that we will be one of them. We will keep you informed about that.

We see the IPO as a possible multibagger opportunity for the shareholders of Ebix, as all other financial exchange sector companies in India with billions of dollars in valuation do not have the strong financial metrics that our operation in India has. If anything, the COVID-19 period has further shown the strength of our business model.

That brings me to the end of my talk. I will now hand it over to the operator to open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Jeff Van Rhee with Craig-Hallum Capital.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Robin, I just want to offer my condolences. And just couldn't agree more in your comments about focusing on what matters. So anyway, I just couldn't agree more and my condolences to you and the family. So it's a mouthful here, you've got a lot going on, and it seems like a lot is turning or doing very well. I'll try to focus on a few key areas. Can you talk about the U.S. business at a very high level? I mean, clearly, we're going to see seasonal strength in Q4 because of the CME business. But I'm wondering when you think about the business, maybe comparing to sort of what Q2 like, really looks like. Assuming COVID doesn't get better or worse, you sort of stay where we are. Have we put in a bottom for the U.S. insurance business, exclude Q4 and sort of think about the trajectory we're on towards Q2?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Jeff, I'll just add. I'll say something and then I'll prefer that Ash adds -- answers your question. So from my perspective, the U.S. insurance businesses have a few -- had a few negative things going against it. So one of them was -- has been consulting. Wherein we have obviously suffered over the last 2 years, the -- I think, A.D.A.M., we have pretty much bottomed out. So that's lesser of our concern. So for me, the biggest concern in the U.S. businesses was consulting, simply because if I look back at my remaining businesses, they seem fairly consistent, fairly solid, and we are -- with Ash's team and all the new effort they have put in, they have a very healthy pipeline. So when I come back to consulting, in the consulting area, first of all, we were already taking hits and then COVID happened, which kind of hurt us. So when I talk about consulting, I'll break it up into 2 parts. One is nonproduct related consulting, which is -- and the other is our own product consulting. Both have been impacted because of obvious reasons. So when I come back to, especially the area of nonproduct related consulting, that's where we were getting quite affected. And with COVID, it became worse. In coming days, you're going to -- we -- very recently, we agreed on a deal, which we will talk about in a little bit more detail once we have the ability to announce it, wherein we expect close to $11 million of new revenue to flow through in the consulting arena in -- so we think that's a positive direction we are moving in from a consulting perspective.

Product consulting perspective, look, the key thing has to be that we -- COVID clearly has an impact. We are obviously trying to convince our clients to get all that work done in our offshore facilities or within our offices but some of it will get impacted simply because some of that work always needs to happen at client sites, right? And it involves active involvement of our clients and sometimes that suffers, and that ends up -- the projects get delayed because of that area. So having said that, to me, from my perspective, I do believe that my

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biggest worry from a U.S. perspective would have been consulting and to what I see, I believe we're now in a position to start growing that back up again. Ash, you want to add to it? Please, go ahead.

Ash Sawhney ***Ebix, Inc. - President -- Insurance Solutions of North America***

I think you covered it well, Robin. The few things I'll add. If you look at the consulting business, I think there's a new paradigm that is going to set in. I think even post COVID, this work-from-home paradigm or remote working is going to continue at some level and at some scale. And I think that plays well into the Ebix trend, especially if you're going to work remotely, you could be working with teams in India. And I think longer term, the fact that we have a very established hybrid model of U.S. and offshore services, I think that plays quite well in our favor.

The second thing, Jeff, I would say is some of the slowdown has been just the redirection of the short-term focus for these companies, right? They were all scrambling to take care of some of the basic things. Once we see the COVID impact behind us and it may be a quarter, 2 quarters, we obviously can't predict accurately, I think you will see a lot of pent-up demand because these longer-term initiatives are not just a nice to have project, these are very necessary for these companies to stay competitive. So we remain bullish about the long-term prospects. And in fact, if you look at some of our exchanges, I mentioned the annuity exchange, that has been steadily growing even in the COVID era. So with the JP Morgan network effect, we see that contributing positively in 2021 and beyond.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. Okay. And then secondly, I guess, Robin, as it relates to the payments business, the payments card for the digital payment solutions side is seeing very strong demand. Can you help put some -- a little more clarity around that. What was it in Q2? What was it in Q3? Kind of what's the trajectory in Q4? It sounds like you've seen strength there. And I think you made a comment in the script that you -- since that strength will continue, it will be a bigger part of the business. Obviously, it has substantial negative impacts on the gross margin side, but I'm sure has some uplift on the EBITDA dollar side.

So just talk about that business, if you can quantify it and then the thinking around why it's surging and whether or not you want to continue to lean into that revenue stream?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, Jeff, first of all, I mean, look at our competition. Meaning I have worthy competitors out there who only do payment solutions, are presently -- and are presently getting valued in -- up between $10 billion and $20 billion with way lesser revenues, $450 million, $400 million of revenue and $600 million, $700 million of lost sales. So clearly, market seems to still like the payments business. So having said that, from our perspective, being in payment business is very important because it makes us completely -- it spreads our reach virtually across the country. It is -- this is amazing marketing for us. Besides -- I -- take the point of lower gross margin. There's no question about it. At the same time, this takes us everywhere across the world it allow -- it across the country. It allows us to cross-sell so many of our remaining products. So when you consider all of that, when you put that into the mix, we think that's a good position to be in to continually -- there are high-margin areas and then there are lower margin areas. So if your lower-margin areas allow you to sell more of your high-margin areas then you should continue with the lower margin area as long as you're not losing money on any one of those.

And having said that, we expect the payments businesses to continue to improve. Part of it is what COVID has done, it has created a new thinking pattern where people now are -- especially in the payments business, people don't want to touch an ATM machine now. People -- you're going to see more and more of these ATM machines go out of play. So people are wanting to do touchless systems. People are trying to buy more stuff online right now, maybe now it's not going to change entire India overnight simply because India has a pretty good lower middle class and a very strong lower -- and has a very strong middle class. So having said that, and a lot of them are illiterate. So it's not that easy to make everybody digital overnight. At the same time, there is a continuous move in that direction right now. And if you see some of the larger players that have entered the market, what has happened is, if you see the -- right now, for example, Google Pay has become the largest player in the market with more than -- between PhonePe and Google Pay, they now have close to 70% of the market. And then you have players like Paytm come in with much smaller market share because it's become a very important area of the business.

So everybody feels -- the reason they want to play into this business area because this may take them everywhere. And then they will

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obviously cross-sell all their remaining products. So for obvious reasons, when we do our payment services, we're also able to market our remaining product because everything is connected, right? Where we become the brand who -- the only player who cannot only do payment solutions, but incidentally, we can handle -- we can conduct their ForEx, their travel, you want to buy your bus tickets or whatever you want to do, we are virtually there with all those different tool sets. And incidentally, for all of those, they still need to use that -- some kind of a card or something out there. So we feel it's a complete -- it meshes in really well with our overall strategy.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Can you -- are you able to put any dollars around it in terms of what it was Q2, Q3 and sort of some swag of what Q3 or Q4 sequentials look like, just so we -- from a modeling standpoint, to figure out the impact in scope here?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Look, I don't want to go into selective discussion here, but at the same time, I think I talked through the percentage numbers in terms of overall growth, in terms of how well we did in these business areas. I think a statistic that was there virtually said that we grew our payments business, almost if I can remember my number, it was 85% or 86% sequentially, something like that was the number. So yes, it's really done well overall as a business.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Yes. Okay. And then maybe 2 last pieces. One is this cloud venture in the U.S. that you referenced of $10 million plus a year, is that $10 million plus a year, is that contractually committed? And if so, when does that start to impact?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, we are basically there on that venture. So we expect that it should kick start kicking in in Q4. That's a short answer. I'm not at this point on liberty because we have all the right NDAs in place. So until I have the ability to speak about it, I won't speak about it. But it is expected to start in Q4 itself. It's supposed to start earning revenue in Q4 itself.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Fair enough. And then you mentioned an acquisition in the call center base -- space, can you expand on that? What's the revenue contribution? What did you pay for it? How many heads does it bring?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Look, so, we will share all the details again at the right time, pretty soon. But basically, what it will do is, it's not a very large business at present. We expect this to generate double-digit revenues in 2021 with 30% margins. I think at this point, that's all I could talk about that.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. Is it -- just to be clear, is that acquisition close? And did that contribute at all to Q3?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

We just signed that acquisition, yes.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Just signed it. So it will contribute in Q4 but did not contribute to Q3?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

No, it did not contribute in Q3 at all. It has nothing to do with Q3.

Jeffrey Lee Van Rhee ***Craig-Hallum Capital Group LLC, Research Division - Partner & Senior Research Analyst***

Okay. Okay. Last piece then just as it relates to the sales expansion. I think you messaged with a little bit of emphasis there today around the U.S. business, and you're going to push on the sales side. You said you're going to invest in sales. So 2 questions. Can you quantify

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rep counts now and where you think you'll be in 12 months? And then secondly, is there any way to quantify, I think you referenced a very healthy pipeline, but is there any way to quantify the magnitude of the pipeline in the U.S. insurance business now versus, call it, 6, 12 months ago?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, I'll let Ash talk about the second part of the question in terms of quantification of the pipeline. I'll just answer the first one in terms of the reach of our sales team. I don't think I'm going to give you exact numbers of how many salespeople we presently have in the insurance business. But I'll tell you, at this point, meaning, if I had to give you an answer on the question of expansion, we're not looking at just a numerical expansion of, if we had 100 people, that 100 people will become 200, that's not how we're looking at it, we're looking at -- because of the way we do our business and because our focus is on the networking effect -- when Ash was speaking, I specifically liked his talks about the networking effect, see, our entire focus in the business today is not just on finding revenue deals in the U.S. for the sake of revenue deal, we want to sign revenue deals that can generate a network impact.

Now a -- JP Morgan is a classic example of a deal where if you sign a JP Morgan and if you get all the carriers that they have, that by itself will start a triggering action because it will bring in the carrier, the carrier in turn will bring in some of their other agents and so on. It sets up. But to do a deal like that, you don't just need another sales guy, you need a very high-quality enterprise salesperson who can work with 4, 5 different departments and can work with all the different products, then to walk in into a client like JP Morgan and say, I can give you this end-to-end product set.

So today, we are more focused on the qualitative growth of our sales team rather than just the quantitative growth of our sales team. But having said that, Ash, I'll let you talk about the pipeline.

Ash Sawhney ***Ebix, Inc. - President -- Insurance Solutions of North America***

Yes. Thanks, Robin. So Jeff, like I said earlier, the businesses that were impacted for us mostly were services business. We see those bottoming out. And whether it's 1 quarter, 2 quarters, we can't predict the short term. But the fundamentals of our business once COVID is behind us, are strong. We have a recurring revenue stream. Our pipeline, if you look at it more specifically, I would say there's a pent-up demand. We had deals that certainly went on the back burner primarily because companies had to realign their focus, the very definition of short-term and long-term really changed. Long-term was like 6 months during the COVID days.

So I expect that once there is confidence, people are back to work and business starts to normalize, the pent-up demand is going to be there in front of us. And that's the reason we want to get ahead and start investing in sales.

In terms of numerics, it's hard to sort of put absolute numbers, but I would be very much looking at high single digits once we start coming back to normalcy. And that's going to be a start. We expect to be progressively improving from there onwards.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

So Jeff, I wanted to exactly -- I just wanted to say exactly what Ash said towards the end. In the insurance businesses, if we can get into high single digits as a first goal, especially with the way -- the times we live in right now with COVID out there, that would be a good start. And then from there, we want to take it to the higher digit numbers. And we feel we have all the basics right now to do that with respect to our insurance businesses because our businesses are fairly resilient. We know what our weak points are, we've been openly discussing those, and we've been trying to focus on how to get out or improve ourselves in those specific areas. And we feel the last 12 to 18 months, we have really focused in the U.S. on trying to improve businesses where we felt we were in a weak spot. And I feel those -- all those efforts are going to show results now.

Operator

Our next question comes from the line of Chris Sakai with Singular Research.

Joichi Sakai ***Singular Research, LLC - Equity Research Analyst***

I just -- I had few questions. One question on the EbixCash business. I wanted to just see which segment was the worst performing and what are you guys doing to improve on that?

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Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

That's a hard question because the worst -- we had a number of segments in EbixCash that got badly impacted by COVID-19. And the 2 specific areas where we actually had the biggest hit in the last few quarters has been -- have been travel and foreign exchange. These are businesses -- foreign exchange, we dominate. We do around -- on an annual basis, we do around $5 billion of transactions on foreign exchange, with a dominant standard in the market. And today, with COVID happening and people not traveling, it's obviously impacted our entire business.

We are -- everywhere you walk in into any international airport in India -- there are 31 international airports, and we are in 29. In 25, we are exclusive in foreign exchange, and we have hundreds of clients in the corporate sector. So it's a very solid business that we run across the country. But with COVID, there's very little we can do except try and hope that things will improve. We are obviously trying to see if there are other countries where there are opportunities, if there is another country where in COVID has had a lesser impact, we're trying to see if we can open up opportunities there in the ForEx area, but in the ForEx area, things have started changing as people have started traveling a little bit. It's not happening.

You're at least seeing 10% to 15% of travel business starting to come back. It's no where near where it should be. So when people start traveling, foreign exchange automatically comes in, we're also seeing as educational institutes start opening up, this is like in the U.S. as the institutes start opening up and allow international students to come back and study, you will see educational remittances start flowing in back again.

We are a leader in the ForEx area in educational remittances, right? And so those are the kind of things that are, as I talked through my talk, that sequentially, we have seen a substantial improvement in foreign exchange from -- in Q3 over Q2, same in travel, we saw a substantial improvement in travel. At the same time, when you look at it year-over-year, there's a dramatic difference in terms of the foreign exchange and travel area, wherein we have seen a steep decline because of COVID.

So those are the 2 worst-performing segments presently, because of the impact of COVID. But in those areas, we -- all we can do is minimize our costs and be ready. Since in this -- because this is -- you have to deal with the pandemic. There's nothing else you could virtually do outside because we already are a leader. If the markets start coming back up, we're going to be there.

Joichi Sakai ***Singular Research, LLC - Equity Research Analyst***

Okay. Great. And then one last one on your cost. I know G&A decreased a fair amount year-over-year this quarter. When the pandemic subsides, what does the normalized G&A look like?

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Well, G&A costs are going to go up, meaning once pandemic subside, but then on an overall margin basis, you will also have increased revenue. You'll have a lot more increased revenue. Remember, at this point, our -- some of our areas that I just talked through, whether it is ForEx, whether it is travel, whether it is e-Learning, meaning whether it is remittance, these are very large opportunity. These are very large revenue areas for us. And as we get revenue out of them, the margins will be there.

And as our overall G&A cost -- because we are -- we did make certain decisions, which basically were targeted at the pandemic to try and reduce our costs in those areas. So those -- once the business areas come back, the G&A cost will go up, but so will your revenues go up. So accordingly, on net-net, your overall margins will -- should go up substantially.

Operator

Thank you. We have no further questions at this time. I would now like to turn the call back to Robin Raina for closing remarks.

Robin Raina ***Ebix, Inc. - Chairman, CEO & President***

Thank you. I think that brings us to the end of the call. Since we don't have any other questions, I'll close the call, and I look forward to speaking to each one of you at the end of the year with our full year results. Thank you. Thanks for -- thanks to everyone for joining in.

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Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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