

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2003

OR

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

Commission file number 0-15946

ebix.com, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

77-0021975

(I.R.S. Employer Identification No.)

**1900 E. GOLF ROAD
SCHAUMBURG, IL**

(Address of principal executive offices)

60173

(Zip Code)

Registrant's telephone number, including area code:

847-789-3047

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

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

As of May 8, 2003, the number of shares of Common Stock outstanding was 2,291,143.

ebix.com, Inc. and Subsidiaries

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2003

INDEX

Part I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

[Consolidated Balance Sheets at March 31, 2003 \(unaudited\) and December 31, 2002](#)

[Consolidated Statements of Operations for the Three Months ended March 31, 2003 and 2002 \(unaudited\)](#)

[Consolidated Statements of Cash Flows for the Three Months ended March 31, 2003 and 2002 \(unaudited\)](#)

[Notes to Consolidated Financial Statements \(unaudited\)](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures About Market Risk](#)

[Item 4. Controls and Procedures](#)

PART II — OTHER INFORMATION

[Item 6. Exhibits and Reports on Form 8-K](#)

SIGNATURES

CERTIFICATIONS

ebix.com, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except for share amounts)

	March 31, 2003 (Unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,703	\$ 4,993
Accounts receivable, less allowance of \$672 and \$634	3,323	2,863
Other current assets	213	340
Total current assets	9,239	8,196
Property and equipment, net	1,181	1,131
Capitalized software, net	191	218
Other assets	422	421
Total assets	\$ 11,033	\$ 9,966
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,838	\$ 1,727
Accrued payroll and related benefits	380	342
Current portion of long-term debt	106	106
Current portion of capital lease obligations	118	114
Deposit liabilities	8	10
Deferred revenue	3,330	2,869
Total current liabilities	5,780	5,168
Long-term debt, less current portion	—	—
Capital lease obligation, less current portion	42	73
Other liabilities	—	—
Total liabilities	5,822	5,241
Stockholders' equity:		
Convertible Series D Preferred stock, \$.10 par value, 2,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$.10 par value, 40,000,000 shares authorized, 2,291,143 shares issued and outstanding	229	229
Additional paid-in capital	88,432	88,441
Deferred compensation	(351)	(366)
Accumulated deficit	(83,404)	(83,920)
Accumulated other comprehensive income	305	341
Total stockholders' equity	5,211	4,725
Total liabilities and stockholders' equity	\$ 11,033	\$ 9,966

See accompanying notes to consolidated financial statements.

ebix.com, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2003	2002
Revenue:		
Software	\$ 210	\$ 425
Services and other	3,402	2,920
Total revenue	3,612	3,345
Operating expenses:		
Services and other costs	1,005	992
Product development	360	651
Sales and marketing	461	515
General and administrative	1,164	882
Total operating expenses	2,990	3,040
Operating income	622	305
Interest income	15	19
Interest expense	(5)	(14)
Foreign exchange loss	(49)	(4)
Income before income taxes	583	306
Income tax expense	(67)	(108)
Net income	\$ 516	\$ 198
Basic and diluted net income per common share	\$ 0.23	\$ 0.09
Basic and diluted weighted average shares outstanding	2,291	2,291

See accompanying notes to consolidated financial statements.

ebix.com, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	<u>Three Months Ended March 31,</u>	
	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income	\$ 516	\$ 198
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	97	90
Stock-based compensation	6	2
Provision for doubtful accounts	35	175
Changes in assets and liabilities:		
Accounts receivable	(495)	(450)
Other assets	126	(43)
Accounts payable and accrued expenses	111	(175)
Accrued payroll and related benefits	38	(29)
Deposit liabilities, deferred revenue and other liabilities	459	130
Net cash provided by (used in) operating activities	<u>893</u>	<u>(102)</u>
Cash flows from investing activities:		
Capital expenditures	(120)	(25)
Net cash used in investing activities	<u>(120)</u>	<u>(25)</u>
Cash flows from financing activities:		
Repayments of debt	—	(5)
Principal payments under capital lease obligations	(27)	(38)
Net cash used in financing activities	<u>(27)</u>	<u>(43)</u>
Effect of foreign exchange rates on cash	(36)	16
Net change in cash and cash equivalents	710	(154)
Cash and cash equivalents at the beginning of the period	4,993	6,167
Cash and cash equivalents at the end of the period	<u>\$ 5,703</u>	<u>\$ 6,013</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 5	\$ 11
Income taxes paid	\$ —	\$ 20

See accompanying notes to consolidated financial statements.

ebix.com, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – These consolidated financial statements are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results of the interim periods.

These consolidated financial statements should be read in conjunction with the consolidated financial statements, and accompanying notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2002.

The results of operations for the current interim period are not necessarily indicative of results to be expected for the entire current year.

Certain prior period amounts have been reclassified to conform to the current presentation.

Summary of significant accounting policies— At March 31, 2003, the Company had three stock-based employee compensation plans. The Company accounts for stock options issued to employees in accordance with Accounting Principles Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees.” The Company has adopted the disclosure only provisions of Statement of Financial Accounting Standards (“SFAS”) No. 123, “Accounting for Stock-Based Compensation,” for options and warrants issued to employees, as well as the requirement of SFAS No. 148, “Accounting for Stock Based Compensation — Transition and Disclosure”. Under APB Opinion No. 25, compensation expense is based on the difference, if any, on the measurement date, between the estimated fair value of the Company’s stock and the exercise price of options to purchase that stock. Any resulting compensation expense is amortized on a straight-line basis over the vesting period of the options.

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its employee stock-based compensation plans. Had compensation cost for these stock-based compensation plans been determined based on the fair value method prescribed by SFAS No. 123, using the Black-Scholes option-pricing model with the assumptions summarized in Note 13 of the Company’s Annual Report on form 10-K, the Company’s net income (loss) and net income (loss) per share would have been the pro forma amounts indicated below:

	Three Months Ended	
	March 31, 2003	March 31, 2002
Net income as reported	\$ 516,000	\$ 198,000
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(228,000)	(186,000)
Pro forma net income	\$ 288,000	\$ 12,000
Basic and diluted earnings per share, as reported	\$ 0.23	\$ 0.09
Basic and diluted earnings per share, pro forma	\$ 0.13	\$ 0.01

Note 2. STOCK OPTIONS

During the first quarter of 2003, the Company did not grant any stock options.

The Company has granted nonstatutory and incentive options outside the Company's stock option plans to purchase up to an aggregate of 32,000 shares, of which options to purchase 25,470 shares were outstanding at March 31, 2003. These options were granted at prices determined by the Board of Directors (at no less than 100 percent of the market price on the date of grant). The options have a four-year vesting period and must be exercised within ten years of the date of the grant. These non-employee options were valued using the fair value method as prescribed by SFAS No. 123 using the following assumptions: volatility of 146%, risk free interest rate of 4.14% and a 10 year term. Options issued prior to 2001 are performance-based awards, with no service commitment and subject to vesting only if the Company's stock price reaches a certain level. Options issued in 2001 vest over 4 years, but vesting accelerates if a performance target is achieved. At March 31, 2003, non-employee options to purchase 20,256 shares were vested. The Company recognized compensation expense of approximately \$6,000 and \$2,000 related to these options during the three-month periods ended March 31, 2003 and March 31, 2002, respectively.

Note 3. EARNINGS PER SHARE

Basic earnings per share ("EPS") is equal to net income divided by the weighted average number of shares of common stock outstanding for the period. Diluted EPS is calculated as if the Company had additional common stock outstanding from the beginning of the year or the date of grant for all common stock equivalents, net of assumed repurchased shares using the treasury stock method. Diluted EPS recognizes the dilutive effect of common stock equivalents and is equal to net income divided by the sum of the weighted average number of shares outstanding and common stock equivalents. For the three months ended March 31, 2003, the Company's common stock equivalents consisted of stock options. For the three months ended March 31, 2002, the Company's common stock equivalents consisted of stock options and warrants. For the three months ended March 31, 2003 and March 31, 2002, there was no effect on the weighted average number of shares outstanding. At March 31, 2003, there were 600,593 shares potentially issuable with respect to stock options which could dilute Basic EPS in the future.

Note 4. COMPREHENSIVE INCOME

	<u>Three Months Ended March 31,</u>	
	<u>2003</u>	<u>2002</u>
Net income	\$ 516,000	\$ 198,000
Other comprehensive income – foreign currency translation adjustment	(36,000)	16,000
Comprehensive income	<u>\$ 480,000</u>	<u>\$ 214,000</u>

Note 5. RELATED PARTY TRANSACTIONS

On April 27, 2001, the Company consummated the first closing contemplated by an agreement with BRiT Insurance Holdings PLC ("BRiT"). Pursuant to the agreement, ebix issued 280,000 shares of its common stock to BRiT for \$2,800,000. As a result of the first closing, BRiT acquired an approximate 16.4 percent equity ownership interest in the Company, becoming its largest stockholder. On June 29, 2001, the Company consummated a second and final closing with BRiT. Pursuant to this closing, ebix issued 588,000 shares of ebix common stock to BRiT in return for cash consideration of \$4,200,000 and BRiT's transfer to ebix of approximately half of its common stock investment in Insurance Broadcast Systems Inc. ("IBS"), representing a 28 percent equity ownership interest in IBS. This final closing brought BRiT's total cash investment in ebix to \$7,000,000 and increased its equity ownership to approximately 38 percent. The total shares held by BRiT at March 31, 2003 was 930,163, representing an equity ownership of 40.6 percent.

During 2002, the Company entered into various software and service agreements with BRiT. During the first quarter of 2003, approximately \$805,000 was recognized as revenue from BRiT and its affiliates. Total accounts receivable from BRiT and its affiliates at March 31, 2003 were \$852,000. During the first quarter of 2002, approximately \$607,000 was recognized as revenue from BRiT and its affiliates. Total accounts receivable from BRiT and its affiliates at March 31, 2002 were \$670,000.

Note 6. REVERSE STOCK SPLIT

On October 1, 2002, the Company's common stock began trading on a 1-for-8 reverse split basis. The Company's stockholders approved the reverse split at a special meeting of stockholders held on September 30, 2002. The reverse split was intended to return the Company to compliance with the continued listing standards of the NASDAQ SmallCap Market, in particular the minimum bid price requirement. All share information in these consolidated financial statements and footnotes have been retroactively adjusted to reflect the reverse stock split.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in Part 1, Item 1 of this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Critical Accounting Policies

The Company's "critical accounting policies" are those that require application of management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about matters that are inherently uncertain and may change in future periods. We have identified the following as our critical accounting policies: revenue recognition and estimating the allowance for doubtful accounts receivable. For a discussion of these policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies" in the Company's annual report on Form 10-K for the year ended December 31, 2002.

Liquidity and Capital Resources

The Company had cash and cash equivalents of \$5,703,000 at March 31, 2003, compared to \$4,993,000 at December 31, 2002.

During the three months ended March 31, 2003, the Company experienced positive operating cash flow of \$893,000. This increase in positive cash flow from operations resulted primarily from net income for the quarter of \$516,000 and deferred revenue transferred to revenue of \$459,000 partially offset by an increase in accounts receivable of \$495,000.

Cash used in investing activities of \$120,000 represented capital expenditures made primarily as a result of the Company's investment in India and the related purchase of assets for that location. Cash used in financing activities of \$27,000 resulted from the Company's repayment of debt obligations.

The Company believes that future revenue growth will come from development projects, ebixASP, ebixExchange and call center services. The Company believes its cash balances and funds from operations will be sufficient to meet all of its anticipated cash requirements for at least the next 12 months.

The following summarizes our contractual obligations at March 31, 2003, and the effect such obligations are expected to have on the Company's liquidity and cash in future periods (in thousands):

<u>Contractual Obligations:</u>	<u>Total</u>	<u>Payments Due by Period</u>		
		<u>Less Than 1 Year</u>	<u>1 - 3 Years</u>	<u>After 3 Years</u>
Non-compete note payable	\$ 106	\$ 106	\$ —	\$ —
Non-cancelable operating leases	914	471	443	—
Non-cancelable capital leases	160	118	42	—
Total contractual cash obligations	\$ 1,180	\$ 695	\$ 485	\$ —

Results of Operations

Three Month Period Ended March 31, 2003 Compared to the Three Month Period Ended March 31, 2002

Total Revenue - The Company's revenue is derived from the licensing and sale of proprietary software and third party software ("Software") and from professional services and support services ("Services"). Professional services include consulting, implementation, training and project management provided to the Company's customers with installed systems and those in the process of installing systems. Also included in Services are fees for software license maintenance, initial registration and ongoing monthly subscription fees for the ebixASP product, fees for policy acceptance and transaction fees generated from the ebix.mall website, as well as software development and call center revenue. Total revenue for the quarter ended March 31, 2003 increased \$267,000, or 8.0%, to \$3,612,000 from \$3,345,000 for the comparable quarter of the prior year.

Software Revenue - Software revenue is comprised of revenue from the sale of ebix (formerly "cd") products, current legacy products, and other third party software. Total software revenue for the first quarter of 2003 decreased \$215,000 or 50.6%, from \$425,000 for the comparable quarter of the prior year. As the Company has changed its focus to e-commerce products and services, the Company expects the substantial majority of future revenue to consist of services revenue.

Services Revenue — Total services revenue for the first quarter of 2003 increased \$482,000, or 16.5%, from \$2,920,000 for the comparable quarter of the prior year. This increase was due to call center revenue of \$214,000, self hosted ebixASP revenue of \$293,000 and hosted ebixASP revenue of \$186,000, partially offset by a decrease in INS-Site revenue and decrease in support revenue associated with legacy products.

The support revenue associated with the legacy products is decreasing due to a trend of declining renewals for these older product offerings. The Company expects that future services revenue will be derived from this support, as well as ebixASP registration and monthly fees, software development, conversion, training, call center and all transaction revenues from ebix.mall and ebixExchange (INS-Site).

During the first quarter of 2003 and 2002, approximately \$805,000 and \$607,000, respectively, was recognized as services revenue from BRiT Insurance Holdings PLC ("BRiT") and its affiliates. BRiT owns approximately 41% of the Company's common stock.

Services and other costs – Cost of services revenue includes costs associated with support, consulting, implementation and training services. Total services and other costs for the quarter increased \$13,000 or 1.3%, from \$992,000 for the comparable quarter of the prior year. This increase was due to an increase in services revenue. Due to the change in product mix comprising services and other costs, the products with higher costs are a lower percentage of the total, resulting in approximately the same total costs on higher revenues.

Product Development Expenses – Total product development expenses for the first quarter of 2003 decreased \$291,000, or 44.7%, from \$651,000 for the comparable quarter of the prior year. The Company has established a wholly owned subsidiary located in Delhi, India. In May 2002, the Company began to redirect product development activities to this subsidiary that were previously outsourced, resulting in lower development costs.

Sales and Marketing Expenses – Total sales and marketing expenses for the first quarter of 2003 decreased \$54,000, or 10.5%, from \$515,000 for the comparable quarter of the prior year. This decrease was attributable to reduced spending on website related marketing and public relation expenses.

General and Administrative Expenses — Total general and administrative expenses for the quarter increased \$282,000, or 32.0%, from \$882,000 for the comparable quarter of the prior year. This increase was due to a benefit recorded in first quarter 2002 related to the reversal of a royalty expense and an increase in costs related to the Company's operations in India, which were established in May 2002.

Safe Harbor for Forward-Looking Statements under the Securities Litigation Reform Act of 1995 - This Quarterly Report on Form 10-Q contains various forward-looking statements and information that are based on management's beliefs, as well as assumptions made by, and information currently available to management, including statements regarding future economic performance and financial condition, liquidity and capital resources, acceptance of the Company's products by the market and management's plans and objectives. The Company has tried to identify such forward looking statements by use of words such as

“expects,” “intends,” “anticipates,” “plans,” and “believes” and similar expressions, but these words are not the exclusive means of identifying such statements. The forward looking statements included in this Quarterly Report are subject to various risks, uncertainties and other factors which could cause actual results to vary materially from those expressed in, or implied by, the forward looking statements. Such risks, uncertainties and other factors include those discussed in “Risk Factors” below. Except as expressly required by the federal securities laws, the Company undertakes no obligation to update any such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect changed circumstances or future events or developments or for any other reason.

Risk Factors

You should carefully consider the risks, uncertainties and other factors described below because they could materially and adversely affect our business, financial condition, operating results and prospectus, and/or the market price of our common stock. This risk factors section is written in response to the Securities and Exchange Commission's "plain English" guidelines. In this section the words "we," "us," "our" and "ours" refer only to the Company and its subsidiaries and not any other person.

Risks Related To Our Business and Our Industry

You may have difficulty evaluating our business because of our limited history of operating an Internet business.

Although our predecessor began operations in 1976, we did not begin any Internet operations until September 1999 and did not begin generating revenues from these operations until the fourth quarter of 2000. Accordingly, we have a limited history in operating our Internet business on which you can evaluate our company and prospects. We cannot be certain that our Internet business strategy will be successful, because this strategy is new. Our early-stage Internet operations will be particularly susceptible to the risks and uncertainties described in these risk factors and likely to incur the expenses associated with addressing them. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in a transitional stage of development, particularly companies in new and rapidly evolving markets, such as electronic commerce, and using new and unproven business models.

Because the support revenue that we have traditionally relied upon has been steadily declining, it is important that new sources of revenue continue to be developed.

Our revenue from the support services we offer in connection with our legacy software products has been decreasing significantly over the course of the past few years. This decline can be attributed to the fact that many of our support clients are not renewing their support agreements with us, in many cases because they are no longer using our legacy software. Even if they are continuing to use our legacy software, our support clients may choose not to renew their support agreements if their legacy software products no longer require support or they use third party support. In addition, some of the clients who use our support services have reduced the level of support that we provide them, which in turn reduces our support revenue. This downward trend in our support revenue makes us particularly dependent upon our other sources of revenue. The new product lines and service offerings of our business are producing revenue but at a slower growth rate due to current economic conditions.

One customer currently provides approximately 18% of our total revenue.

Revenues from one customer, who owns approximately 41% of our common stock, represented approximately 15% of our total revenue in 2002 and approximately 18% in the three months ended March 31, 2003. If revenues from this customer were to discontinue, our operating results could be adversely affected.

Adverse insurance industry economics could adversely effect our revenues.

We are dependent on the insurance industry, which may be adversely effected by current economic and world conditions.

Our operating results may fluctuate dramatically.

Our quarterly operating results may fluctuate significantly in the future due to a variety of factors that could affect our revenues or our expenses in any particular quarter. You should not rely on our results of operations during any particular quarter as an indication of our results for a full year or any other quarter. Factors that may affect our quarterly results include:

- Changes in insurance agents and carriers consumer acceptance of Internet commerce.
- Loss of a significant insurance agent, carrier or broker relationship or the merger of any of our participating insurance carriers with one another.
- Technical difficulties for our e-commerce services that hamper an agent's ability to run its agency system hosted by us.

Our operating expenses are based in part on our expectations of our future revenues and are relatively fixed in the short term. We may be unable to adjust spending quickly enough to offset any unexpected revenue shortfall.

We could be subject to civil fines and penalties as a result of the SEC's investigation of our financial reporting.

On August 11, 2000, we were advised that the SEC had issued a formal Order of Investigation and subpoenaed documents relating to our financial reporting since April 1, 1997, including, in particular, revenue recognition, software development cost

capitalization, royalty costs and classification of cash receipts. We have submitted documents to the SEC upon the SEC's request as part of the investigation. It is possible that the SEC could impose civil fines and penalties against us. An adverse finding against us by the SEC could negatively impact our stock price. In addition, we expect to continue to incur expenses associated with responding to this investigation, regardless of its outcome, and this investigation may divert the efforts and attention of our management team from normal business operations.

We cannot predict our future capital needs and we may not be able to secure additional financing when we need it.

We may need to raise additional funds in the future in order to fund more aggressive brand promotion or more rapid expansion, to develop new or enhanced services, to respond to competitive pressures or to make acquisitions. Any required additional financing may not be available on terms favorable to us, or at all. If adequate funds are not available on acceptable terms, we may be unable to meet our business or strategic objectives or compete effectively. If additional funds are raised by our issuing equity securities, stockholders may experience dilution of their ownership interests, and the newly issued securities may have rights superior to those of our common stock. If additional funds are raised by our issuing debt, we may be subject to limitations on our activities.

Any acquisitions that we undertake could be difficult to integrate, disrupt our business, dilute stockholder value and harm our operating results.

We may acquire or make investments in complementary businesses, technologies, services or products if appropriate opportunities arise. The process of integrating any acquired business, technology, service or product into our business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may consume much of our management's time and attention that could otherwise be available for ongoing development of our business. Moreover, the anticipated benefits of any acquisition may not be realized. Furthermore, we may be unable to identify, negotiate or finance future acquisitions successfully. Future acquisitions could result in potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities or amortization expenses related to intangible assets.

We may not be able to continue to develop new products to effectively adjust for rapid technological changes.

To be successful, we must adapt to rapidly changing technological and market needs, by continually enhancing our website and introducing new products and services to address our users' changing demands.

Our segment in the internet market place is characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent new product and service introductions;
- shifting distribution channels; and
- changing customer demands.

Our future success will depend on our ability to adapt to this rapidly evolving marketplace. We could incur substantial costs if we need to modify our services or infrastructure in order to adapt to changes affecting our market, and we may be unable to adapt to these changes.

The markets for our products are highly competitive and are likely to become more competitive, and our competitors may be able to respond more quickly to new or emerging technology and changes in customer requirements.

We operate in highly competitive markets. In particular, the online insurance distribution market, like the broader electronic commerce market, is rapidly evolving and highly competitive. Our software business also experiences some competition from certain large hardware suppliers that sell systems and systems' components to independent agencies and from small, independent or freelance developers and suppliers of software, who sometimes work in concert with hardware vendors to supply systems to independent agencies.

Our Internet business may also face indirect competition from insurance carriers that have subsidiaries which perform in-house agency and brokerage functions.

Some of our current competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. In addition, we believe we will face increasing competition as the online financial services industry develops and evolves. Our current and future competitors may be able to:

- undertake more extensive marketing campaigns for their brands and services;
- devote more resources to website and systems development;
- adopt more aggressive pricing policies; and
- make more attractive offers to potential employees, online companies and third-party service providers.

If we are unable to protect our intellectual property, our reputation and competitiveness in the marketplace may be materially damaged.

We regard our intellectual property in general and our software in particular as critical to our success. It may be possible for third parties to copy aspects of our products or, without authorization, to obtain and use information which we regard as trade secrets. Existing copyright law affords only limited practical protections, and our software is unpatented.

If we infringe on the proprietary rights of others, we may be at a competitive disadvantage and any related litigation could be time consuming and costly.

Third parties may claim that we have violated their intellectual property rights. For example, companies have brought claims regarding alleged infringement of patent rights relating to methods of doing business over the Internet. To the extent that we violate a patent or other intellectual property right of a third party, we may be prevented from operating our business as planned, and we may be required to pay damages, to obtain a license, if available, or to use a non-infringing method, if possible, to accomplish our objectives. Any of these claims, with or without merit, could subject us to costly litigation and divert the attention of key personnel.

We depend on the continued service of our senior management and our ability to attract and retain other key personnel .

Our future success is substantially dependent on the continued service and continuing contributions of our senior management and other key personnel, particularly Robin Raina, our President and Chief Executive Officer, and Richard J. Baum, our Executive Vice President—Finance & Administration, Chief Financial Officer and Secretary. The loss of the service of any of our executive officers or other key employees could harm our business. We have no long-term employment agreements with any of our key personnel, nor do we maintain key man life insurance policies on any of our key employees.

Our future success depends on our continuing to attract, retain and motivate highly skilled employees. If we are not able to attract and retain new personnel, our business will be harmed. Competition for personnel in our industry is intense. We may be unable to retain our key employees or attract, assimilate or retain other highly qualified employees in the future.

Our international operations are subject to a number of risks that could affect our income and growth.

We market our software internationally and plan to expand our Internet services to locations outside of the United States. In addition, during 2002 we expanded our development activities and other operations in India. Our international operations may not produce enough revenue to justify our investments in establishing them and are subject to other inherent risks, including:

- the impact of recessions in foreign economies on the level of consumers' insurance shopping and purchasing behavior;
- greater difficulty in collecting accounts receivable;
- difficulties and costs of staffing and managing foreign operations;
- reduced protection for intellectual property rights in some countries;
- seasonal reductions in business activity during the summer months in Europe and other parts of the world;
- burdensome regulatory requirements or other trade barriers;

- fluctuations in exchange rates;
- potentially adverse tax consequences; and

- political and economic instability.

Furthermore, our entry into additional international markets could require significant management attention and financial resources, which could lessen our ability to manage our existing business effectively.

Laws and regulations that govern the insurance industry could expose us or the agents, brokers and carriers who participate in our online marketplace to legal penalties.

We perform functions for licensed insurance agents, brokers and carriers and are, therefore, required to comply with a complex set of rules and regulations that often vary from state to state. These rules and regulations can be difficult to comply with and are ambiguous and open to interpretation. If we fail to properly interpret and/or comply with these rules and regulations, we, the insurance agents, brokers or carriers doing business with us, our officers, or agents with whom we contract could be subject to various sanctions, including censure, fines, cease-and-desist orders, loss of license or other penalties. This risk, as well as other laws and regulations affecting our business and changes in the regulatory climate or the enforcement or interpretation of existing law, could expose us to additional costs, including indemnification of participating insurance agents, brokers or carriers for their costs, and could require changes to our business or otherwise harm our business. Furthermore, because the application of online commerce to the consumer insurance market is relatively new, the impact of current or future regulations on our business is difficult to anticipate. To the extent that there are changes in the rules and regulations regarding the manner in which insurance is sold, our business could be adversely affected.

The inability to predict the full impact of compliance with federal and state laws concerning the privacy of health information could expose us to significant increases in operating costs or subject us to civil and criminal penalties.

The insurance carriers that offer healthcare coverage through our online marketplace will be significantly affected by the enacted privacy regulations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The HIPAA privacy regulations impose broad privacy protection obligations on entities that use, access and disclose health information. Each health plan that provides for or pays the cost of medical care will be directly regulated by and required to comply with, the privacy and security requirements of HIPAA. Although not directly regulated by HIPAA, we will be affected as a business associate of these health plans because we perform functions on their behalf and as a result receive and have access to individually identifiable health information. As a business associate we will be required to provide satisfactory assurance to these health plans that we will protect the health information submitted through our online marketplace by potential insureds as if we were directly regulated by HIPAA, which assurance may require us to implement costly physical and technology safeguards. In addition, the laws in most states are rapidly evolving with respect to the confidentiality of health information, and some states have enacted comprehensive health privacy laws. Our failure to comply with federal and state laws relating to health information privacy could subject us to significant civil and criminal penalties, including individual rights of action through private litigation, or otherwise harm our business or reputation.

Risks Related to Our Conduct of Business on The Internet

Any disruption of our internet connections could affect the success of our internet based products .

Any system failure, including network, software or hardware failure, that causes an interruption in our network or a decrease in responsiveness of our website could result in reduced user traffic and reduced revenue. Continued growth in Internet usage could cause a decrease in the quality of Internet connection service. Websites have experienced service interruptions as a result of outages and other delays occurring throughout the Internet network infrastructure. In addition, there have been several incidents in which individuals have intentionally caused service disruptions of major e-commerce websites. If these outages, delays or service disruptions occur frequently in the future, usage of our website could grow more slowly than anticipated or decline, and we may lose revenues and customers.

If the computer hardware operations that host our website were to experience a system failure, the performance of our website would be harmed. These systems are also vulnerable to damage from fire, floods, earthquakes, acts of terrorism, power loss, telecommunications failures, break-ins and similar events. Our property and business interruption insurance coverage may not be adequate to compensate us for all losses that may occur. In addition, our users depend on Internet service providers, online service providers and other website operators for access to our website. Each of these providers has experienced significant outages in the past, and could experience outages, delays and other difficulties due to system failures unrelated to our systems.

Concerns regarding security of transactions or the transmission of confidential information over the Internet or security problems we experience may prevent us from expanding our business or subject us to legal exposure.

If we do not offer sufficient security features in our online product and service offerings, our products and services may not gain market acceptance, and we could be exposed to legal liability. Despite the measures that we may take, our infrastructure will be potentially vulnerable to physical or electronic break-ins, computer viruses or similar problems. If a person circumvents our security measures, that person could misappropriate proprietary information or disrupt or damage our operations. Security breaches that result

in access to confidential information could damage our reputation and subject us to a risk of loss or liability. We may be required to make significant expenditure, to protect against or remedy security breaches. Additionally, as e-commerce becomes more widespread, our customers may become more concerned about security. If we are unable to adequately address these concerns, we may have more difficulty selling our goods and services.

Uncertainty in the marketplace regarding the use of Internet users' personal information, or proposed legislation limiting such use, could reduce demand for our services and result in increased expenses.

Concern among consumers and legislators regarding the use of personal information gathered from Internet users could create uncertainty in the marketplace. This could reduce demand for our services, increase the cost of doing business as a result of litigation costs or increased service delivery costs, or otherwise harm our business. Legislation has been proposed that would limit the users of personally identifiable information of Internet users gathered online or require online services to establish privacy policies. Many state insurance codes limit the collection and use of personal information by insurance agencies, brokers and carriers or insurance service organizations. Moreover, the Federal Trade Commission has settled a proceeding against one online service that agreed in the settlement to limit the manner in which personal information could be collected from users and provided to third parties.

Future government regulation of the Internet could place financial burdens on our businesses.

Because of the Internet's popularity and increasing use, new laws and regulations directed specifically at e-commerce may be adopted. These laws and regulations may cover issues such as the collection and use of data from website visitors, including the placing of small information files, or "cookies," on a user's hard drive to gather information, and related privacy issues; pricing; taxation; telecommunications over the Internet; content; copyrights; distribution; domain name piracy; and quality of products and services. The enactment of any additional laws or regulations, including international laws and regulations, could impede the growth of our revenue from our Internet operations and place additional financial burdens on our business.

Risks Related To Our Common Stock

The price of our common stock may be extremely volatile.

In some future periods, our results of operations may be below the expectations of public market investors, which could negatively affect the market price of our common stock. Furthermore, the stock market in general has recently experienced extreme price and volume fluctuations. We believe that, in the future, the market price of our common stock could fluctuate widely due to variations in our performance and operating results or because of any of the following factors which are, in large part, beyond our control:

- announcements of new services, products, technological innovations, acquisitions or strategic relationships by us or our competitors;
- trends or conditions in the insurance, software and Internet markets;
- changes in market valuations of our competitors; and
- general political, economic and market conditions.

In addition, the market prices of securities of technology companies, including our own, have been volatile and have experienced fluctuations that have often been unrelated or disproportionate to operating performance. As a result, you may not be able to sell shares of our common stock at or above the price at which you purchase them. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. If any securities litigation is initiated against us, we could incur substantial costs and our management's attention and resources could be diverted from our business.

The significant concentration of ownership of our common stock will limit your ability to influence corporate actions.

The concentration of ownership of our common stock may have the effect of delaying, preventing or deterring a change in control of ebix.com, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of ebix.com and may affect the market price of our common stock. At May 8, 2003, BRiT Insurance Holdings plc held approximately 41%

of our outstanding common stock and, together with our executive officers and directors, beneficially owned in excess of 50% of our outstanding common stock. As a result, those stockholders, if they act together are able to control all matters requiring stockholder approval, including the election of all directors and approval of significant corporate transactions and amendments to our certificate of

incorporation. These stockholders may use their ownership position to approve or take actions that are adverse to your interests or prevent the taking of actions that are consistent with your interests.

We may issue equity securities in the future whose terms and rights are superior to those of our common stock.

Our certificate of incorporation authorizes the issuance of up to 2,000,000 shares of preferred stock. No shares of preferred stock are currently outstanding. However, shares of preferred stock may be issued by our board of directors from time to time in one or more series for the consideration, and with the rights and preferences, as our board of directors decides. Any shares of preferred stock that we may issue in the future could be given voting and conversion rights that could dilute the voting power and equity of holders of shares of our common stock and have preferences over the common stock with respect to dividends and in liquidation.

Provisions in our charter and Delaware law may discourage takeover attempts which could preclude our stockholders from receiving a change of control premium.

Our certificate of incorporation could make it more difficult for a third party to acquire control of us because it gives our Board of Directors the ability to issue shares of preferred stock with rights as they deem appropriate without stockholder approval. In addition, Delaware law contains an anti-takeover provision that could have the effect of delaying or preventing a change in control that stockholders may consider favorable. This provision prohibits us from engaging in a business combination with any significant stockholder for a period of three years from the date the person became a significant stockholder unless specific conditions are met.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company's market risk during the three months ended March 31, 2003. For additional information on market risk, refer to the "Quantitative and Qualitative Disclosures About Market Risk" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Item 4. CONTROLS AND PROCEDURES

a. Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures conducted within 90 days of the date of filing this report on Form 10-Q, our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) promulgated under the Securities Exchange Act of 1934) are effective.

b. Changes in Internal Controls

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Part II — OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

99.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sabanes-Oxley Act of 2002.

99.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sabanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company did not file any current reports on Form 8-K during the first quarter of 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ebix.com, Inc.

Date: May 14, 2003

By

/s/ RICHARD J. BAUM

Richard J. Baum

Executive Vice President — Finance & Administration, Chief
Financial Officer (principal financial and accounting officer), and
Secretary

CERTIFICATIONS

I, Robin Raina, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ebix.com, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ ROBIN RAINA

Robin Raina

Chairman of the Board, Chief Executive Officer and President

I, Richard J. Baum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ebix.com, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 14, 2003

/s/ RICHARD J. BAUM

Richard J. Baum

Executive Vice President – Finance & Administration, Chief
Financial Officer and Secretary

EXHIBIT INDEX

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Form of Certification

CERTIFICATION PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of ebix.com, Inc. (the "Company") for the quarterly period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robin Raina, Chief Executive Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Robin Raina

Name: Robin Raina

Chief Executive Officer

May 14, 2003

A signed original of this written statement required by Section 906 has been provided to ebix.com, Inc. and will be retained by ebix.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Form of Certification

CERTIFICATION PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of ebix.com, Inc. (the "Company") for the quarterly period ended March 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard J. Baum, Chief Financial Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Richard J. Baum

Name: Richard J. Baum

Chief Financial Officer

May 14, 2003

A signed original of this written statement required by Section 906 has been provided to ebix.com, Inc. and will be retained by ebix.com, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
