

**Ebix Inc**

**Moderator: Neil Van Halen**  
**May 7, 2010**  
**10:00 a.m. CT**

Operator: Good day, ladies and gentlemen, and welcome to the Ebix, Inc., first quarter 2010 investor call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. If anyone should require assistance during the program, please press star then zero on your touchtone telephone. As a reminder, this program is being recorded.

I would now like to introduce your host for today's program, Mr. Neil Van Halden, Corporate Manager, Marketing, Communications, and Media. Please go ahead, sir.

Neil Van Halen: Good morning, everyone, and welcome to Ebix, Inc's, first quarter 2010 earnings conference call. Joining me to discuss the quarter is Ebix president and CEO, Robin Raina. Following Robin's remarks, we will open up the call for your questions to be addressed by Robin and the Ebix CFO Robert Kerris.

Now let me take this time to remind you that the primary purpose of today's call is to provide you with information regarding our first quarter fiscal year 2010 performance. However, some of their discussion or responses to your questions may contain forward-looking statements. These statements are subject to risks, uncertainties, and assumptions. Should any of these risks or uncertainties materialize or should our assumptions prove incorrect, actual company results could differ materially from these forward-looking statements.

All these risks, uncertainties, and assumptions, as well as other information on potential factors that could affect our financial results are included in our reports filed with the SEC, including our most recently reported form 10-K for the year ended 31st of December 2009, particularly under the heading risk factors.

Our press release announcing our outstanding first quarter results was issued a few hours back. You can look at Ebix financials beyond what has been provided in the release on our website at [www.ebix.com](http://www.ebix.com). The audio and the text transcript of this call will be available also on the Investor home page of the Ebix website after 2pm EDT.

With that, let me turn you over to Ebix CEO and President, Robin Raina.

Robin Raina: Thank you, Neil. Good morning, gentlemen. We announced our first quarter 2010 results a few hours back, and I'm delighted to be able to share with you today our outstanding results.

We started the year by delivering the biggest financial quarter in our history. First quarter revenue rose 53 percent to \$31.6 million, as compared to the first quarter of 2009. GAAP diluted EPS of \$0.32, increased from \$0.23 a year ago. That's an increase of 38 percent year-over-year. These are record results and mark the highest revenue, net income, and diluted EPS in any one quarter that the company has reported in its 34-year young history.

First quarter net income was \$12.4 million, an increase of 49 percent on a year-over-year basis, as compared to net income of \$8.3 million in the first quarter of 2009. To put these numbers in perspective, let me remind you that the net income of \$12.4 million in the first quarter of 2010 is approximately equal to the net income of Ebix for the full year of 2007. For those of us who have been associated with Ebix for some time, this net income comparison of our quarterly results to the full-year income results just two years back, has a lot of special meaning.

This is also the first quarter where our US income was taxed at an average rate of 33.2 percent, due to partial NOL valuation allowance released in the fourth quarter of 2009. Our consolidated worldwide tax rate benefits from the

majority of our manufacturing base and income being in low tax jurisdictions across the world.

The exchange segment continued to be our largest revenue generator with 72 percent of our revenues coming from it this quarter. 11 percent of our revenues came from the BPO Channel, 9 percent from the P&C backend systems Broker Channel, and 8 percent from the P&C backend systems Insurance Company Channel. The Exchange Channel grew 90 percent year-over-year. The BPO Channel grew 4 percent year-over-year, and the Broker Channel grew 19 percent year-over-year. The Carrier Channel dropped 17 percent year-over-year because of the relative freezing of IT budgets by insurance companies in 2009, in the area of procuring backend systems. The insurance company market has since improved quite a bit in 2010, and we expect to get our carrier revenue growing back again soon.

In the first quarter of 2010, the company continued its focus on organic growth by signing key named accounts like Sun Life, Universal Life, US Bank, Ameriprise, American General Life, National Western Life, Principal Financial Group, Metlife, Bechtel, Sea World, Lockton, Hillard Lyons, Port Authority of NY/NJ and AVIS amongst others etc. This list of names is just a sample representation of contracts signed by the company in the first quarter of 2010, with large accounts easily recognizable to the investor community, and is by no means a comprehensive list of contracts signed by Ebix in the first quarter of 2010.

Some of the other material contracts signed previously in 2009 are still in implementation mode, and, thus, did not generate any transaction exchange revenue in the first quarter of 2010. Some of these named accounts in implementation mode at present are, Bank of America, Wells Fargo, Fidelity, US Bank, Ameriprise, Marsh, Disney Consumer Products, John Hancock, Bechtel, and Genworth etc. This is in addition to all the new contracts signed by Ebix in the first quarter of 2010, which are also now in the implementation pipeline.

Today Ebix has emerged as the largest On-Demand Insurance Services Exchange in the world. We intend to build on our success and deploy many new exchanges across the world. We continue to invest in research and

development towards developing and deploying many of these key exchanges in 2010 itself. Some of these new initiatives targeted at growing revenue organically are in the area of servicing an annuity policy, portability of an annuity policy across multiple carriers, life insurance ePolicy delivery with Para-med exams, e-Signatures, etc. On Demand Cloud-Computing infrastructure in Latin America to provide Property and Casualty Insurance Company Systems on a utility service basis across multiple insurance companies and an ambitious enterprise-wide system, code name GR8, to provide a state of art, On-Demand, backend system for Health, Employee Benefits, Life, Enrollment, Billing and Accounting, etc.

We believe that we are ready to enter several markets that we had stayed away from in the United States until now. Note worthy amongst them is the Property and Casualty Insurance Exchange market in the United States, presently dominated by one player, IVANS. We believe we are ready to compete with IVANS in the United States P&C insurance markets now. You could expect us to make some announcement soon in that area.

We believe that our present income rate, we expect to accumulate additional cash of approximately \$50 million over the next 12 months. This is in addition to the company's present cash balances of \$23.5 million as of 3<sup>rd</sup> May 2010. We intend to reinvest this cash towards growing our revenues organically and towards making accretive complementary acquisitions in the short and long-term, both.

Accordingly, we're pursuing a number of opportunities in the areas of Health, P&C exchanges, Compliance Exchanges that allow us to enter new markets like Exchanges for mutual funds, SEC and FINRA compliance for Bank Assurance, Insurance Companies, etc.

A few days back, we unveiled our cloud-computing strategy in the insurance markets. As an On-Demand solutions provider to the insurance marketplace, it's a natural progression for Ebix to grow into the Cloud-Computing arena as it aligns well with our current application development strategies. Our Cloud-Computing services are being designed to meet customers' critical needs to experience results quickly, as they deploy their technical applications in traditional datacenters, modular datacenters, or the cloud. We believe there's

an opportunity in the insurance industry to offer infrastructure-based services on a utilities model delivered over a cloud. This will allow insurance companies, insurance brokers, investment advisors, broker dealers, and other entities involved in the insurance industry to run multiple applications interfaced with each other outside the confines of their own datacenters. This means clients will have the benefit of dealing with one infrastructure services provider.

We believe Ebix is uniquely positioned to play a major role using Cloud-Computing within the insurance industry. We are one of the only players who can deliver a multitude of services while processing an end-to-end insurance transaction utilizing our suite of SAS-based products like EbixExchange, Ebix Advantage, SmartOffice, and SmartIntegrator, etc.

I'm often asked whether we can now grow our revenue exponentially since we are increasingly seen as a leader in the markets that we play in. I believe that the path Ebix needs to stick to is to grow revenue aggressively, but sensibly. Ebix can either choose the path of high growth with low, 10 percent to 15 percent operating margins, or the path of sensible growth with 40 percent or more in operating margins. We prefer to do the latter, and, thus, remain focused on growing -- on working towards our goal of annualized revenue run rate of \$200 million by fourth quarter of 2011, with 40 percent or more in operating margins. Doing that while ensuring Ebix 70 percent-plus recurring revenue streams and minimal customer attrition ratio is not likely to be easy.

We've chosen a path that's a lot harder than just growing revenues aggressively. Since we intend doing that with operating margins that will hopefully set a new benchmark for the On-Demand sector in the United States.

I'm often asked how we have made cross-selling as our mantra in the insurance markets. Let me walk you through **JUST ONE PERMUTATION** example of how our services lead into each other and how cross selling can naturally be undertaken by our sales force across the world. Our focus has been to provide a single window approach to our prospective clients in terms of all the services that they might utilize from us. Towards that extent, we

have a multinational account strategy and a domestic account strategy providing single points of contact to our customers.

Let us take the example of a large insurance company who wants to improve its distribution, marketing, and reach, while trying to improve its time to market, its productivity in terms of time and cost both. To such a customer, to such a prospective customer, we are likely to suggest a number of On-Demand solutions all interfaced with each other and all naturally leading into each other while taking a transaction from one end to another through the company, through the insurance company's entire food chain.

To walk you through the steps, this could involve:

- Providing an On-Demand CRM system for the insurance company's direct producers.
- Two, it could involve providing a CRM system for its thousands of agents, investment advisors, investment broker dealers, etc, to handle prospecting, sales management, billing, commissions, accounting, etc.
- Three, by bundling the CRM into the EbixExchange service and completely seamlessly interfacing it within the exchange, we can now get their agents, producers, investment advisors, investment broker dealers, etc, to enter the prospect data into the Ebix CRM system, take the data from the CRM system into Ebix Life Illustration Exchange seamlessly, and, in the background, providing multiple quotes to them from multiple carriers.
- Four, we get the data from the Life Exchange to seamlessly flow back into the Ebix CRM system so that the agent never comes out of the system. If the agent wants to present this quoting data on its website or a portal to its consumers or subagents, we will do that precisely by using another service of ours called VitalTicket, while maintaining the look and feel of a particular agency.
- Five, once that agency is ready to convert the quote into a policy, the agent can still continue using the Ebix CRM system, and with one

click can populate all the data from the Ebix CRM system into Ebix order entry exchange LifeSpeed. This LifeSpeed Exchange takes the data directly into the insurance company's backend policy administration system. Along the way, LifeSpeed Exchange delivers data from the Para-med exam to a third party, gets the compliance check done, and can get the carrier representative to issue a ePolicy using Ebix eSignature process. EbixExchange for clearance transactions can hand over the policy to clearinghouses like DTCC or Pershing.

- Seven, once this policy needs to be serviced, Ebix new maintenance exchange will process the transaction, and when the policy needs to be transferred from one carrier to another, Ebix new portability exchange will process the transaction now.
- Eight, if this insurance company was also doing health insurance or workers' compensation or risk management, the CRM could hand over that data to EbixExchange seamlessly also.

In this example just elaborated, the insurance company has the advantage of still using one vendor, Ebix, who can now cross sell many of its services to the same insurance company. In the above example given by me, Ebix would have sold Ebix CRM, Winflex Life Exchange, LifeSpeed Exchange, Ebix eSignature service, Ebix VitalTicket service, Ebix Maintenance Exchange, Ebix Portability Exchange, Ebix Compliance Exchange, Ebix GR8 Service, Ebix Annuity Exchange, etc, all while ensuring that tens of thousands of agents of this insurance company can do all this while never getting out of their Ebix CRM system. At each point, as the data moves from one Ebix service to another seamlessly in the background, Ebix continues to generate revenue based on each service being used, and the counter keeps track of each of these chargeable moments. The insurance company gets 100 percent compliance zero errors, straight-through processing, increased reach, while servicing its agents and consumers efficiently, cost effectively, and without using any paper in the process.

The example given by me captures how we cross sell our services and sell this straight-through processing vision to key accounts across the United States today.

So to close, Q1 was a good start to fiscal 2010. We're investing strongly in recent development while creating strong product offerings, leading to straight-through processing solutions for the insurance industry.

With insurance industry's margins under pressure, this is a great time to be in the business of disinter mediating paper. We believe that no company in the insurance software industry is better positioned for growth in this market than Ebix. I look forward to describing our progress when we release our second quarter 2010 results in the first week of August.

With that, let me turn the call back to the operator so that we can take your questions. Thank you.

Operator: Ladies and gentlemen. If you have a question at this time, please press star then one on your touchtone telephone. If your question has been answered and you'd like to remove yourself from the queue, please press the pound key. Our first question comes from Nick Phillips from Holden Asset Management. Your question, please.

Nick Phillips: (Inaudible) sales force almost doubling and an increase in the amount of your marketing team as well. But this quarter we saw a decrease sequentially in that line item. I'm wondering what accounts for this and how these sales and marketing teams are compensated.

Robin Raina: Nick, your voice broke in between. Could you please repeat that question? I'm sorry.

Nick Phillips: Yes, no problem. On the last conference call you noted that you had doubled your sales force and that you also increased the size of your marketing team. And now that would -- that explained the ramp up in sales and marketing for that quarter. But this quarter, that amount is down sequentially. And I'm wondering what accounts for that and how your sales and marketing teams are compensated.

Robin Raina: Well, I wouldn't read too much into it. I mean, the sales staff still is there. The marketing staff still are there. We've actually grown on all of that. And I think some of these are timing differences in terms of how we handle our conferences and stuff like that. And there can be (many) conferences happening in a particular quarter, which end up resulting in more marketing expenses and so on.

Having said that, our sales staff is incentivized, like any other organization based on we have a direct sales force and we incentivize them on sales directly based on a cash collected basis.

Nick Phillips: Okay. And a quick follow-up. Receivables were up a bit this quarter also. What accounted for that?

Robert Kerris: It's just due to -- this is Robert Kerris, CFO. This is just due to the increase in receivables from recent acquisitions that we've made, strictly a timing issue. And we look to see quite a bit of collections and reduction of AR during the coming quarter.

Nick Phillips: All right. I'll get back in queue. Thanks.

Robin Raina: Thank you.

Operator: Thank you. Our next question comes from Mike Latimore from Northland Capital.

Mike Latimore: Yes, good morning. On the, just, Robin, on your operating -- or on your guidance for \$50 million in cash flow, I guess, first, is that operating cash flow? And, second, what are kind of some of your general assumptions around working capital in that outlook?

Robin Raina: Well, our general assumption is very basic, meaning, clearly, we believe that our income streams are quite consistent. That's the first thing. We also believe that our cash flow generation is pretty strong. We're putting a very strong focus on improving our DSOs, continuing to collect money on a (fast-forward) basis. We've never had an issue with AR in the past, and we don't believe we should have an issue in the coming days. So, purely, that \$15

million number that you're looking at -- if you really look at it, it's a number based on income stream.

Again, this number is based on where we are today. As we move forward, we would like to get this number to improve, actually.

Mike Latimore: Got it. And your CapEx is a little bit below kind of normal. What kind of CapEx levels do you think you'll see in 2010?

Robin Raina: I think you're going to see it consistent with what you've seen in the last year. We do not expect any major movement there.

Mike Latimore: Got it. Okay. And the -- your exchange business was up, I think \$0.5 million sequentially, I believe. Can you talk a little bit about what drove that revenue in?

Robin Raina: Well, I think with each and every quarter, as we get more and more players coming on our platform, you're going to see transactions continue to go up. And, clearly, as you know, our exchange business thrives on transactions. It thrives on the volume of transactions. It thrives on how many entities are conducting transactions. So I think that's a simple fact. And so this pipeline that we have of implementation is very strong. It's a who's who of the market. When you have an implementation pipeline of names like Ameriprise and Bank of America and Wells Fargo and US Bank and so on, these are pretty strong names. But we're not going to get our exchange real revenues from them until they really go live and are fully implemented.

So as we go forward, as each one of these are implemented and more and more keep getting added to that pipeline, the transaction volumes will keep increasing and so will our exchange revenues keep increasing.

Mike Latimore: Yes, I got it. Thanks.

Robin Raina: Thank you.

Operator: Thank you. Thank you. Once again, ladies and gentlemen, if you have a question at this time, please press star then one on your touchtone telephone.

Our next question comes from (John Bates), individual investor. Your question, please.

(John Bates): Yes. I'd like to know how important the healthcare, US healthcare is to your exchange net income. And I'm also interested in knowing how your exchange is different qualitatively from the exchanges that are going to be set up as a result of the healthcare legislation. I'd like any discussion of how that legislation is going to affect Ebix's products.

Robin Raina: Okay. Well, I think first of all let's talk about the reform as it stands today and the passage of it. The good news, that it's already passed. That's, from our perspective, is very good news, simply because whether one likes it or doesn't like it, there was an inertia in the health insurance market and the passing of that health reform at least made sure that (inertia) will go away.

Now, having said that, company's like us see everything as an opportunity. We see this as a big opportunity for us to go out and establish our own health insurance exchanges. Now, we do believe that as we move forward, what is going to get critical is that finally the country needs a nationwide health insurance exchange. Today we're seeing more the beginning of 50 exchanges that could possibly merge. And even those 50 exchanges could be in multiple areas. You could see health exchanges in the area of electronic medical records. You could see health exchanges in the area of consumer quoting and so on.

Now, having said that, we believe, ultimately, we're one country rather than to have to 50 exchanges we'll need to have one common exchange worldwide -- countrywide. And towards that extent, the only player we believe who can succeed will be the one who looks at that issue from our perspective, which means we believe that a player who looks at the issue from a perspective of backend system of health insurance companies, looks at it from a perspective of evolving an exchange between these health insurance companies and insurance brokers, looks at a way to bring products from health insurance companies directly to consumers, knows, has, understands, the working of hospitals, understands electronic medical record, understands what goes into a hospital in terms of syndicating content data and so on, looks at, understands that how claims adjudication works, understands how areas like employee

benefits, billing, consolidated billing, enrollments, FSA, COBRA, all of that, has to be understood for a real successful player in the exchange side of business to provide an end-to-end straight-through processing exchange.

I will tell you today there are not many players who could even think of doing that because I could break my answer into 20 different services now. But that's not going to work.

So having said that, Ebix looks at it holistically that we need to be, that we are going to be that player, if we're going to at least try to be, if we're going to endeavor to be that player, then we must look at that whole issue from a perspective of getting in all these areas, not in just one of these areas. So we have a comprehensive plan to do that.

Now, how successful we will be, only time will tell. But, I'll tell you this that rest assured you will see Ebix getting into many of these areas in coming days. So we do clearly see this as an opportunity. Our present health insurance business that we have is not impacted negatively in any manner from where we are today with respect to the health reform movement. Meaning, there is still confusion in the area of FSA and so on. There's a bit of uncertainty, and we're trying to work through that. However, from a perspective of as of today, we're seeing health insurance companies approach us back again, now that the inertia is starting to go away. So we see that as a positive development.

(John Bates): Okay. Thank you.

Operator: Thank you. Our next question comes from Simon Baruch from -- he's a private investor. Your question, please.

Simon Baruch: Good morning, Robin. First of all, you mentioned that the implementation of some of your Q4 contracts is still in process. Is that typical for Ebix for previous quarter's sales? Or are these ramping up a little slower than you expected?

Robin Raina: Simon, that's absolutely typical for Ebix, especially for any of these large clients. They're very large clients. One of the value for them to be on this EbixExchange has to be that they get exactly what they want. It has the

transaction, the workflow. Everything has to be seamlessly integrated into their backend system. It has to be integrated with everybody that they work with, and you have to be absolutely custom with what you do. And so that's what we are trying to do with them. And so this is not that we're not behind schedule or anything like that.

Simon Baruch: Okay. Thank you.

Robin Raina: Thank you.

Simon Baruch: And also, as far as the 8 part example and the cloud-computing, forgive me, but I don't completely understand all the ins and outs of your business. So the following questions are inter-related and from a non-expert point of view. Is the cloud-computing initiative a part of the (inaudible) example or is it a new one over and above that example?

Robin Raina: Cloud-Computing basically overlaps everything. So you're not really saying Cloud-Computing should only go into any one area. Cloud-computing overlaps virtually everything we do today. And as we see it, that's the way we want to proceed. So virtually in every area of our business, whether it is exchanges, whether it's the backend systems, whether there's anything. I could give you a real - another example of this to make it simple for you.

So take a market like, let's say Latin America. And let's say we want to provide an On-Demand backend system to insurance companies. Now we could provide that On-Demand backend system on a cloud anywhere across the world to them, while providing them ISO 27001 kind of standards. As also, now, this particular insurance company also wants to use a general ledger and that general ledger is not from Ebix. Let's say that is from Sun or let's say that's from Great Plains. And this company also wants to use our exchange or wants to use an outside application provider. What Ebix can do now is put all of these applications - some of them might not really be even related to Ebix, we will put all these applications on a cloud anywhere across the world, with disaster recovery virtually again across a cloud anywhere, and now offer all these services on a utilities basis to this insurance company. They've all been saying, well, we'll provide you hosting fees so much, and so and so.

We say, well, we're going to charge you a utility, all these services, you don't have to worry about buying software. You don't have to worry about keeping licenses, you don't have to worry about hardware, hosting, IT manpower. We'll provide this complete end-to-end service, across multiple applications on our cloud to you on a utilities basis, which means you could charge for transactions. You could charge them on any basis which is more a service bases are than anything.

Simon Baruch: So is that computing -- cloud-computing architecture on both -- worldwide or is it simply in Latin America right now?

Robin Raina: No, it is worldwide. I just gave you that as an example to walk you through some of the things. And this was a real example of something that we are doing right now. So I thought I'll give you a real example of how cloud computing would work.

Simon Baruch: Thank you.

Robin Raina: Thank you.

Operator: Thank you. Our next question comes from Mark Rye from Singular Research. Your question, please.

Mark Rye: Hi. Good morning, Robin and Robert. You mentioned some key initiatives that you're looking to deploy this year. And I wonder if you could tell us a little bit about the market opportunity for those and which of them you see as presenting the largest opportunity over the next two to three years.

Robin Raina: Thank you. That's a great question, incidentally. If I had to kind of look at them in terms of opportunities, I think servicing of an annuity policy, it's a large opportunity for us in the United States. We intend pursuing that this year itself. This is a need which is not being handled at all by anybody as of now. So there is an absolute need.

We're already teaming up. To give you some examples of how we have progressed on this, a few weeks back we had 78 carrier representatives sit in one room with us discussing how to launch this service in the year 2010 itself.

So we are able to bring in the industry together in some manner. So this will be a pretty strong initiative from us.

But then the GR8 initiative that I talked to, the GR8 is a code name for an enterprise-wide system. Now, over the next two to three years, that will become a pretty large initiative for us because this is one of the most ambitious initiatives in the software industry and the insurance offering industry today in the United States.

Basically what we are trying to do is, you see, take any insurance company today especially the large ones, they have P&C system, they have LifeSystem, they have health system, employee benefit, workers' comp, reinsurance. And each of these time they're using different vendors.

What we are trying to do, we're trying to put all of that into one enterprise-wide system. Now, when you create and put all of that in enterprise-wide system, you will have switch-on and switch-off features. One feature would switch on in a particular country and another one could be switched off in another country and so on. So it's a modular design. It's something that has never been tried.

Now, to complicate it, you put all the exchanges in the midst of it and provide all of the services that Ebix today provides, but across one product. Now, that is a big deal in this industry, where just in a simple area like property and casualty, somebody like a large carrier like an AIG, for example, had 500-plus backend systems around the world, just in the area of P&C. Now you add to it the life, the health, and all the other areas, and you will know the extent of the problem. So that, we believe, is a large initiative for us, in coming times is going to be a large initiative for us.

Mark Rye: Follow up on that. Is the GR8 part of your Carrier Systems business line?

Robin Raina: GR8 is part of our health business line to start with. It will have a modular design. We'll keep launching it one-by-one. But basically GR8 will start with consolidated billings, employee benefits, enrollment, and then graduate into the life arena, the P&C, the accounting and so on. So it's kind of a comprehensive system.

Before I lose my thought, I want to add another thing to it. The total area which we believe can become a large opportunity, and I hinted at it during my talk, during my prepared talk, which is the P&C exchanges in the United States, which is presently dominated by one player, Ivans. Ivans is a dominant exchange today. It was started by a consortium of insurance companies and so on. I am not at this minute ready to go into absolute details. But I will tell you that we believe that's a big opportunity today and we intend pursuing that in coming days. So you could expect a few announcements in that area from us soon.

Mark Rye: Okay. Great. Thanks.

Robin Raina: Thank you.

Operator: Thank you. Our next question comes from Mark Lindy from Wells Fargo. Your question, please.

Mark Lemke: Hi, Robin. In the release you reference (buyer) growth, market share in on-demand sector. And if I think about one competitor, Salesforce.com, much lower margin, I think. Can you talk a bit about your strategy there and how you hope to maintain margins?

Robin Raina: Mark, thank you. That's a great question, actually. Salesforce, for example, you named somebody who we highly respect. I think Salesforce has done a fantastic job in taking on the On-Demand market and delivering their CRM services across the world. So we look up to them. Having said that, we are in the life insurance industry, in the CRM market we are by far a leader. We win deals against Salesforce virtually every other time. When we walk into a deal, typically nine out of 10 times, we walk away with the deal. And the reason is simply because in the example that, as I was explaining, I was giving the example of how we provided an end-to-end solution.

And so when a Salesforce walks in and talks about a CRM solution, it's a great solution, but it is not as insurance intensive and at times its not straight-through processing, where as the carrier is ideally looking for straight-through processing and they will be able to offer all these exchanges and backend

systems interfaced together with this CRM which makes the deal a little bit more attractive to those players.

Now, having said that, you see, Salesforce is a good example for us all in terms of how to execute, we think that's somebody that we respect. However, having said that, you see then there are certain things that we don't necessarily want to learn from Salesforce. You talked about the margins there, meaning look at our strategy versus the Salesforce strategy. Salesforce strategy is, they presently are at approximately \$1.3 billion in revenues, or so, slightly more than that. And with operating cash flows of \$90 million or more versus Ebix thought process is that we want to generate the same kind of cash flow while doing \$220 million in revenues.

So that's a completely different mindset. And so we've taken two different paths there in terms of the level of margins that we want to work with, the amount of cash flow that we believe we can generate versus what Salesforce has tried to do. There's nothing wrong with what they're trying to do. It's just a different way of working, we believe we want to stick to our mode of trying to grow our business. So that makes our business growth a little bit more challenging simply because we're not just simply looking for just organic growth for the sake of organic growth. We're looking for extremely healthy organic growth. We're looking for organic growth that accompanies 40 percent-plus in operating margins. And I can walk you through some numbers, because you gave a very good example and when you look at for example, our collection efforts, how we run our efforts in terms of DSOs, in terms of collection of money. For example if you compare our DSO to Salesforce, and these are numbers available for everybody to see, you would see that our DSO number is a lot better on an average, 20 percent better than they have right now. And I think the reason we have better DSOs is simply because our attrition rate is minimal in terms of customers. Also, we are so highly entrenched in insurance companies and brokers and so on, that our customers are dependent on us as an infrastructure service, not just any other service.

So, Mark, I hope I answered your question.

Mark Lemke: Yes. It sounds like it's a difference between an industry-specific solution and a general solution?

Robin Raina: Yes, absolutely.

Mark Lemke: Okay. Thank you.

Robin Raina: Thank you.

Operator: Thank you. Our next question comes from (Vincent Coppazi) from Kovack Securities. Your question, please.

(Vincent Coppazi): Yes. Hi, guys. Good quarter.

Robin Raina: Thank you, (Vincent).

(Vincent Coppazi): I just want to ask you -- I guess I could look this up. But without having to look it up, the convertible bonds that you have on the balance sheet, when is it due and what's the price of the conversion?

Robert Kerris: The convertible notes are due in August of 2011. And the conversion rates on those, just give me a moment, please. I'll get that for you. The conversion rates are at \$16 per share, for the most part. \$16 and \$16.66, but the majority's at \$16.

(Vincent Coppazi): All right. Now, you said August '11. Are we talking about the \$24 million that's on the short term --

Robert Kerris: Well, the reason they're shown as short term is because as per the convertible notes, it was an election to convert. We have to pay the principal amount in cash.

(Vincent Coppazi): You have to pay the principal amount in cash by August '11?

Robert Kerris: Whenever -- if they had a convert and they want to convert, any point in time we have to pay the principal portion in cash.

(Vincent Coppazi): All right.

Robert Kerris: The spread portion is payable in either stock or cash, at the option of the company.

(Vincent Coppazi): I see. It's the spread portion? Okay. All right. That's it. Thanks so much.

Robin Raina: Thank you, (Vincent).

(Vincent Coppazi): You're welcome.

Operator: Thank you. There are no further questions in the queue at this time. I'd like to turn the program back to you for any further remarks.

Robin Raina: Thank you. I think this has been a good investor call. Thank you all for joining in. I look forward to speaking to you again in the first week of August to talk about second quarter results. Thank you again.

Operator: Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

END