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This Old Growth Stock Will Explode Again

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If fellow Fool Rick Munarriz was sure about anything for this week, **Ebix** (Nasdaq: [EBIX](#)) would be it. [Rick predicted](#) that the insurance-industry software maker would grow earnings year-over-year in Tuesday morning's fourth-quarter report, thus crushing Wall Street's estimates. "My money's on getting this one right," he said.

My friend nailed that call. Ebix reported \$0.44 of earnings per share, a 6% year-over-year jump and well ahead of the Street's \$0.41 target.

The funny part is, that was perhaps the *least* impressive detail in this report. Sales soared 26% to \$44.1 million and full-year margins widened across the board. And let's not forget that Ebix produced \$19.4 million of operating cash flow, comfortably above the \$17.3 million in net income. [Cash is still king](#), folks.

Ebix's business mix is changing fast. In part, the company has no choice: Some sectors of the insurance industry are reeling more than others from the current state of the economy. But the shift is largely deliberate as the shrinking carrier operations tend to have lower margins than other divisions.

Ebix makes most of its money today as a data exchange operator for insurance information. That attractive segment remains a focus going forward, but management is also looking into adjacent businesses like management of electronic health-care information and financial data. "Ebix today is thinking at a different level in terms of its future growth opportunities," says CEO Robin Raina.

Like insurance exchanges, these markets involve shuttling massive amounts of sensitive information on demand. The company's history has prepared it for a move in this direction. In the short term, the White House's just-announced interstate online health exchanges look like a big opportunity for Ebix. There's \$800 million of business up for grabs and Raina wants a big slice of that pie.

I wouldn't be surprised to see Ebix butting heads with financial data wrangler **TIBCO Software** (Nasdaq: [TIBX](#)) or customer relationship manager **salesforce.com** (Nasdaq: [CRM](#)) in a couple of years. That means multiplying Ebix's addressable market many times over.

Ebix is a longtime [Rule Breaker](#), a once and future hypergrowth stock, and a purveyor of [Big Data](#) and [cloud computing](#) services. The company even pays a dividend these days, and raised its payout by 25% alongside this quarterly report. That's a killer combination that you just won't see anywhere else. If I were you, I'd [grab a free 30-day trial pass to Rule Breakers](#) and soak in the years of analysis the service has given on Ebix, including a recent turn on the "best buys now" list.

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