

Ebix on a buying spree to build India fin stack

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Over the past 15 months, Nasdaq-listed Ebix has acquired 12 companies in the Indian financial space, investing a little over \$500 million (₹36.2 billion), in areas as varied as foreign exchange providers to a prepaid wallet card.

It says it is open to buying more, to add to its financial and insurance exchange stack. Robin Raina, chief executive officer, says the strategy in India is to build an end-to-end financial and insurance services platform.

The groundwork began in 2001, when Ebix entered India and started using it as a hub for its software development. The company had 2,000 employees before May 2017, when it made its first acquisition in the form of ItzCash. Ebix turned into Ebix Cash after that acquisition, which has since provided it with more than two million physical touch points across the country, plus a constant stream of transactions. "We use India as the centre of development. We just deployed the first reinsurance exchange in London; it was built in India from scratch to finish," said Raina on the importance of India for the company.

Ebix is trying to build a stack which runs on a 'phygital' (physical plus digital) model. As part of this, it is looking at travel, insurance, foreign exchange, remittance (domestic and international) and wealth management services. It recently acquired Miles, a wealth management software company, for \$19 million (₹1.4 billion). Ebix has also acquired travel website *Via.Com*, foreign exchange provider Centrum Direct, and international money transfer company Transcorp.

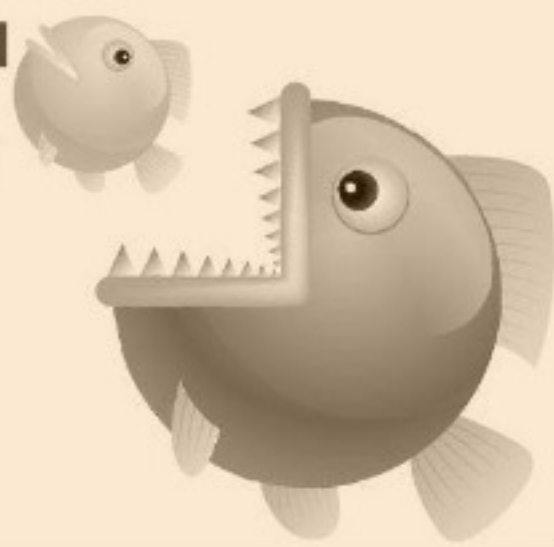
"Ebix looks at itself as an airport of sorts, which works as a non-aligned entity and allows other companies with specific services to use its services and infrastructure. We are not a product company; we are a stack," says Raina. To this end, Ebix partnered with Paytm and became the exclusive foreign exchange partner for the digital payments giant. Paytm is a subset of the Ebix eco-system, says Raina.

As mentioned earlier, Ebix continues to keep its eyes open for more

EBIX ACQUISITIONS IN INDIA

The company is trying to build a financial and insurance exchange stack that includes travel, insurance, foreign exchange, remittances and wealth management services

Acquisition/ Industry	Deal size (\$ mn)
Centrum Direct Forex	175.0
ItzCash (now EbixCash) Prepaid wallet & remittance	120.0
Via.com Travel	74.9
Paul Merchants Money transfer	40.7
Indus Software Enterprise lending software solutions	29.0
Miles Software Wealth mgmt software	19.0
Mercury Travels Niche travel	14.2
YouFirst Money Express International remittance	10.0
SmartClass Educational Education tech	8.0
Wall Street Finance forex, travelers' checks, money transfer	7.4
Trans Corp Forex, money transfer	7.4



Source: Company

companies to buy, to further its hold over the Indian market. It already has a strong global presence, with customers in 69 countries, speaking 19 languages. While the acquisitions seem disparate to some, Ebix insists this is about building a full-stack financial services provider and that all its acquisitions fit into that vision. "These companies look diverse because the Indian market has an inherent inefficiency. Earlier, people were running this as 45 different services but it's the same consumer who is going to buy travel, forex, insurance and gift cards," is Raina's explanation.

While it might seem an aggressive acquiring spree, for an international company looking to get a foothold in one of the fastest growing economies, Raina insists Ebix never takes its eyes off the profit measure when choosing companies to acquire. All the companies acquired by Ebix earn a healthy operating margin and the company aims to improve the effi-

ciencies, to bring these to at least a 30 per cent margin, in line with its group operating margin of 31 per cent.

"VCs (venture capital entities) look at valuations based on gross merchandise value. A company like us is looking for a strong, profitable company. We want a company that generates at least 30 per cent profit margin. We are not interested in top line (revenue) for the sake of top line. For us, the bottom line (profit) is more important," says the CEO.

Ebix wants to build its business in India by becoming a supermarket of sorts for all financial companies. The presence of varied companies in its portfolio enables additional deals and partnerships with banks and financial technology entities, it adds. It hopes to increase its net commission earned on transactions from \$260 million a year to \$400 million by March 2019.

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