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EBIX - Q4 2014 Ebix Inc Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Ebix, Inc. fourth-quarter and 2014 annual results investor conference 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. (Operator Instructions). As reminder, this call is being recorded.

I would now like to introduce your host for today's conference, Darren Joseph, Corporate Vice President. Sir, you may begin.

Darren Joseph *- Ebix, Inc. - Corporate VP*

Thank you. Welcome, everyone, to Ebix Incorporated's 2014 annual results earnings conference call. Joining me to discuss the year and the fourth quarter 2014 is Ebix Chairman, President and CEO, Robin Raina; and Ebix Executive Vice President and CFO, Robert Kerris. Following our remarks, we will open up the call for your questions.

First, let me quickly cover the Safe Harbor. Some of the statements that we make today are forward-looking, including, among others, statements regarding Ebix's future investments and long-term growth and innovation, the expected performance of our business and our use of cash. These statements involve a number of risks and uncertainties that might cause actual results to differ materially from those projected in the forward-looking statement. Please note that these forward-looking statements reflect our opinions only as of the date of this presentation and we undertake no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events.

Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements made today is contained in our SEC filings, which list a more detailed description of the risk factors that may affect our results.

Our press release announcing the fourth-quarter and the full-year 2014 results was issued earlier this morning. The audio of this investor call is also being with cast live on the Web at www.Ebix.com/webcast. You can look at Ebix's financials beyond what has been provided in the release on our website, www.Ebix.com. The audio and the text transcript of this call will be available also on the Investor homepage of the Ebix website after 4 PM Eastern time today.

Let's start by discussing the results announced today. Bob and I will talk about the Company from a financial perspective and then Robin will sum up and provide some added color on the fourth quarter and 2014.

Revenue in the fourth quarter increased 19% from a year ago to $60.6 million. On a year-over-year basis, Ebix's Q4 2014 revenue was affected negatively by approximately $1.1 million due to the strengthening of the US dollar as against the currencies in certain of the foreign jurisdictions in which we conduct operations. Our fourth-quarter 2014 revenues primarily in the exchange sector were affected by $1.2 million due to the strengthening of the US dollar as compared to third quarter 2014.

For the full fiscal year of 2014, the Company reported revenue of $214.3 million, an increase of 4.7% from the prior-year revenue of $204.7 million. On a year-over-year basis, Ebix's full-year 2014 revenues, primarily in the exchange sector, were affected negatively by approximately $3.2 million due to the strengthening of the US dollar as against the currencies in certain of the foreign jurisdictions, like Australia and Brazil, in which we conduct operations.

In the fourth quarter, our exchange revenue continued to be the largest channel for Ebix, accounting for 79% of the Company's revenues. The quarter-over-quarter exchange revenue increase is primarily due to the acquisition of Oakstone, stronger growth from existing product lines, partially offset by the considerable strengthening of the US dollar as compared to the Australian dollar and the Brazilian real. The quarter-over-quarter RCS revenue increase is primarily due to the revenues from the consulting business, both from the acquisitions of Vertex and i3, as also the growth in the revenue streams from our acquisition of these companies.

As the US economy improves and the construction business starts to grow, we believe that we will see an increase in revenues from our certificate business, since the construction industry accounts for approximately 35% to 40% of certificates in the United States. Also, we are still in the process of a detailed rollout for named clients like Walmart of Canada, Big Lots, Canadian Railroad, Disney, that should all start generating increased revenue soon for the RCS division.

Our broker business revenue, which is primarily international-based, decreased by approximately $400,000 in the full year of 2014 as compared to 2013 because of a 6.5% year-over-year swing in currency rates between the US and Australia. Strengthening of the US dollar continued to hurt our international revenue streams, as discussed earlier in my talk.

Our carrier P&C policy administration revenues dropped year-over-year by approximately $1.6 million, due to reduced professional services associated with certain P&C carriers going into production as also a pronounced lesser emphasis of the Company on nonrecurring license and professional services-based product sales.

I will now turn the call over to Bob.

Robert Kerris - *Ebix, Inc. - CFO*

Well, thank you, Darren. And thanks to all on the call and for your continued interest in Ebix.

Q4 2014 diluted earnings per share are $0.45, or up $0.05, or 14%, from the fourth quarter of 2013. For purposes of this fourth-quarter earnings-per-share calculation, there was an average of 36.8 million diluted shares outstanding during the quarter as compared to 38.5 million diluted shares outstanding a year earlier in the fourth quarter of 2013.

For the full year 2014, diluted earnings per share increased 9% year-over-year to $1.67 from $1.53 in 2013. For the purpose of this full-year earnings per share calculation, there was an average of approximately 38 million diluted shares outstanding during this year as compared to an average of 38.6 million diluted shares outstanding in 2013.

As of today, the Company expressed a diluted share count for Q1 2015 and Q2 2015 to be approximately 35.9 million and 35.5 million shares, respectively.

Operating income for the fourth quarter of 2014 was at $21.1 million, an increase of $3.3 million or 18.3% from $17.8 million of operating income in Q4 of 2013. Operating margins for the fourth quarter of 2015 were at 35%, consistent with 35% for the fourth quarter of last year. The operating margins for the full year of 2014 were also consistent with prior year, remaining at 37%. Operating income for the full year 2014 was about $80 million, an increase of $4.7 million or 6% from $75 million of operating income generated in 2013.

In the fourth quarter 2014, our operating cash flow was $20.1 million, an increase of $804,000 or 4% as compared to the fourth quarter of 2013. For the full year of 2014, our operating cash flow totaled $58.5 million, up 3% year-over-year as compared to $57 million in 2013.

During the fourth quarter, the Company used its cash resources for the following significant purposes. $53 million was used for the acquisitions of Vertex, Oakstone and i3. $15.4 million was used to repurchase 1 million shares of our common stock, and $2.8 million was used for the scheduled dividend payment.

As to our key balance sheet metrics, as of the end of the year 2014, our net debt stood at $69.7 million. Our working capital position was at $35.3 million. Our current ratio stood at 1.51 and our cash receivable days sales outstanding was 57 days, in itself a significant improvement of 12 days from this past third quarter and from a year ago at end of year 2013.

Furthermore, at the end of 2014, the Company's debt leverage ratio was only 1.46 and our fixed charge coverage ratio stood at 4.93.

As of December 31, 2014, the Company has access to $120 million of additional borrowing capacity from our syndicated senior secured credit facility with Regions, which includes the $50 million accordion feature, should we decide to exercise it, which, combined with our available cash balances of a little over $52 million, provides Ebix with ample financial resources to support the continued profitable growth of the Company to make accretive business acquisitions, to finance the Company's continuing organic growth initiatives and, finally, to continue the aggressive repurchasing of our shares of our common stock. The Company will pay its next quarterly dividend of $0.075 a share this coming Monday, March 16, to common shareholders of record as of February 27, 2015.

Finally, the Company's annual report on Form 10-K will be filed this coming Monday, March 16.

I will now pass the call on to Robin. Thank you.

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

Thanks, Bob. Good morning, everyone, and thank you for joining us today.

I am pleased to report that Ebix has delivered a very strong finish to the year with record revenues, great earnings and operating cash flows.

Let me repeat what I said in one of the investor calls a few years back. I talked about simplicity in business concepts being a key requirement in my book. More than a decade back, we set out to build a Company that could possibly be a leading player in the insurance exchange market worldwide.

In the early days when I used to be asked about the technology vision of the Company, my answer used to be summed up in one word: convergence. When I used to be asked about our financial vision, I used to say selling price has to be consistent, be a lot higher than the cost price. If I had to evaluate the Company's performance on these two simple yardsticks, then Q4 2014 and the year 2014 were both great for the Company.

Let's now evaluate the Company on certain other metrics that are important in our line of thinking. One, cash -- the Company continued to churn out great cash flows, as covered in Bob and Darren's talk. That, in our book, is the single biggest metric that we monitor at all times. We believe that if the Company can keep generating increased cash flows then that itself becomes a catalyst for funding future growth. In a year where we had to take a lot of nonrecurring G&A expenses related to extraneous issues that have nothing to do with recurring business operations, we still managed to close the year with cash generated from operations for the fiscal fourth quarter being $20.1 million.

Number two, recurring revenues -- during 2014, combined subscription based and transaction-based revenues increased by $9.6 million to $167.6 million while as a percentage of the Company's total revenues increased to 78% in 2014 as compared to 77% in the year 2013. Subscription-based revenue increased by $8.8 million to $135.2 million and as a percentage of the Company's total revenues increased to 63% in 2014 as compared to 62% in the year 2013. 6% of subscription revenues are consulting staffing related. We like the trend as an increase in subscription revenues can generate into higher income streams.

Low customer concentration -- our top client accounts for less than 2% of our annualized revenues. Today, we have little dependence on any one client or a short list of clients. We deal with thousands of clients across many channels and products today, largely focusing on a few large clients.

Margins -- we continue to do well in terms of margins with operating margins being consistent at 35% plus for the year.

Adapting to change -- we believe that continually adapting to the changing technology, global and regulatory trends is important if we are to establish ourselves as a change leader in the industry. The year 2014 saw us launch many new firsts for the industry in terms of breaking new frontiers on all these fronts. This was made possible by our continuous investments in people and R&D.

People -- our single best asset is our employee force across the world that that at year end stood at 2,343 strong. We have been extremely successful at retaining and grooming people from within the organization to take up bigger challenges. The year 2014 was a great year in terms of employee retention and learning multiplication.

We made progress on a number of fronts in the year 2014 towards making the Company even more transparent and predictable for our shareholders. Some of the key things that happened are as follows. One, we put a number of legal battles behind us on many fronts, including the shareholder class-action suit and the derivative suit. Two, the Company reached a resolution with the IRS after a comprehensive audit of the five-year period from 2008 through 2012. No penalties were assessed and the Company has already made all payments towards the resolution.

We expanded the board with addition of two new independent board members and the election of a lead independent director. We appointed Ernst & Young as our auditors in India. We believe that we can now focus on growing our revenues and operating margins in the year 2015 and beyond. As some of the nonrecurring expenses associated with the above come down, we expect that our operating margins will start to grow again.

We are focused now on growing our topline. Towards that extent, some of our recent large wins have been very encouraging for us. We believe that we have momentum on our side now, especially in terms of deals on the life, health and reinsurance exchange side. We have been pursuing a number of deals that can be transformational for us qualitatively in terms of how the Company is perceived in worldwide insurance markets as also numerically in terms of increased operating income. The recent times have given us reason to feel good about our progress in those areas.

The annualized run rate on the basis of Q4 of 2014 would be approximately $242 million. Although there are no guarantees for that, we would like to target to close 2015 with annualized run rate of $275 million plus based on Q4 2015 numbers. In addition to some of the recent large wins that should help grow our revenues on a recurring basis, we are now pursuing e-health and e-governance opportunities in the insurance sector across the world.

It has never happened in the insurance world that any software player in the insurance markets worldwide has aggregated the entire market in a particular geography in any one deal for a particular functionality. We not only believe that we can do that but also see it now as something that we can deploy as a service to help emerging economies compete and become efficient in the emerging as well as the developed markets.

We see the e-commerce and end-to-end content and continuing education and health insurance exchanges as areas in which we have pioneering end-to-end solutions that put us apart from all our competition. We believe that we can do well in these areas. We have been successful in not only building great functionality and technology in these areas but successfully deploying it in 2014. With no other vendor having been able to do that, we see that as a USP for us that could possibly land us large-sized deals. We are going to pursue this both organically and through acquisitions.

We are very bullish as regards the area of reinsurance exchanges. In recent times, there has been a lot of press and speculation regarding the London marketplace reinsurance aggregation exchange. I can now confirm that, after an extensive evaluation, Ebix has been selected to deploy the entire aggregation exchange. At this point, for confidentiality and competitive reasons, I cannot divulge any more details on the start date and the size of this proposed exchange except to say that it is planned to be the world's leading reinsurance exchange for arguably the largest insurance market in the world. More on this later.

We also see us growing our life exchanges substantially. We want to be able to deliver not just standardized aggregation exchanges but also absolutely custom exchanges for large carriers who sometimes prefer to create a unique custom solution for their exchange network involving all their brokers or/and underwriters, et cetera. We have been winning lots of deals in this area over the last three to five months and we expect the momentum to continue.

Our partnership with large players -- with some of the large key players like Swiss Re has allowed us to position ourselves in a unique manner besides the fact that we can deploy end-to-end solutions ranging from quoting, illustration, underwriting, distribution, licensing, binding a policy and maintenance, etc., in an on-demand manner.

We are presently deploying a number of key products in the area of data mining. Big data aggregation is a hot topic right now worldwide. We intend to deploy a number of on-demand services in 2015 that will allow us to provide trends to carriers and underwriters in terms of what works and doesn't work in the insurance market since we have a large depository of insurance data on our systems.

Doing that data mining, doing the data mining while ensuring that it is generic without any specific data about an individual or individuals can allow us to tremendously help underwriters, for example, while generating new revenue streams for ourselves. We are also going to deploy new illustration engine technology in the year 2015 with the goal of helping build custom illustration engines for carriers.

In October, we announced the acquisition of Vertex, Inc., and the launch of Ebix Consulting as a pure consulting business targeted at the insurance and financial industries. We believe that we can grow this business into a large recurring business over the next few years. We have done well over the last few months in growing the business and we expect that we will build on that momentum.

CRM will stay at the center of our strategy as we grow our exchanges. We have interfaced all our exchanges into a CRM system with a view to create a tight two-way interfacing between the two, which is unique to our solution.

We are trying not to pursue low-margin opportunities in many areas that come with lots of topline growth but with little margins. We just decided to scale down our effort in one such business area recently at the cost of revenues simply because those revenues were accompanied by low margins. We have another B2C area of our exchange business where we could have grown our revenues by $10 million to $12 million per year at a margin rate of 10%. We decided not to do so simply because it would tend to hit our overall margins tremendously. We believe that we need to concentrate on areas of aggregation where we have little competition. We also need to create new services and products in niche markets or geographies where we can dominate through organic or/and inorganic means. Dominance in any area comes with the ability to demand higher operating margins and extremely sticky recurring revenues. We like that.

We will continue to endeavor to deliver shareholder value on a recurring and enhanced basis. We intend to do that through increased transparency, better outreach, accretive acquisitions, focus on high-margin services, dividends, and ongoing share buybacks. Q4 of 2014 was an example of that effort.

As Bob presented, in Q4 of 2014, $53.3 million was used for the business acquisition of Vertex, Oakstone and i3, $15.4 million was used to repurchase more than 1 million shares of the Company's common stock. $2.8 million was used for the scheduled dividend payment. Beginning August 2014, we decided to accelerate our stock buyback plan and as a part of it have retired approximately 3.2 million shares for $55.5 million as on March 13, 2015. Included in this number are our stock purchases in the year 2015, since January 2015, we have retired approximately 930,000 shares for $22.3 million. The board is committed to continuing and expanding the present buyback plan to continue over the next few years.

As of March 13, 2015, the Company expects the diluted share count for Q1 2015 and Q2 2015 to be approximately 35.9 million and 35.5 million shares, respectively. That by itself can possibly translate into increased shareholder value.

As regards our acquisition pipeline, it remains strong and healthy with a number of targets that can be symbiotic and accretive for us. We will continue to pursue those targets. Our banking syndicate, under the leadership of Regions Bank, has been strong in their support of our effort. We expect that we will have their support as we expand the Company in terms of a larger and more expanded credit line, if we so desire.

Ebix today is thinking at a different level in terms of its future growth opportunity. We believe we can use our present expanse and customer depth to be a much larger player. We intend to do that both from within and through the route of accretive acquisitions in the near and long-term future book,

In summary, I am very pleased with the strong finish we delivered to our fiscal year. We have a focused, simplified business model with a strong P&L and a strong balance sheet which will continue to capitalize our growth. We are in a lead position to enable and power some of the world's largest insurance exchanges. All of this translates into a great opportunity for us. And I am very pleased with how our journey continues to progress.

With that, I'm going to thank you for being on the call. Operator, we are ready for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions). Jeff Van Rhee of Craig-Hallum.

Jeff Van Rhee *- Craig-Hallum Capital Group - Analyst*

Great. Thank you. Congratulations. What a quarter! And the London market group, in particular, looks really good here. So a number of questions from me, Robin. First, would you start with the -- I guess, at a high level, the guide on the revenue or the expectation was $250 million to $260 million. And I know you don't give guidance but you are now targeting the $275 million range. You have not broken out organic versus how much of that is acquired. Can you fill in a few of the gaps in terms of the increase in expectations, namely even if rough proportion, how much of that increase is related to organic developments versus acquisitions or expected acquisitions?

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

Jeff, I hate to answer that question right now because I prefer to just stick to basically what I just said, that we are going to endeavor to get there. By no means have I issued this is a guidance. It's a desire. It's an aspiration. There are no guarantees we are going to be there. But that's our aspiration, that we would like to be at a number where by Q4 if you multiply the Q4 2015 numbers by 4, we would like to see an annualized run rate of about $275 million.

Jeff Van Rhee *- Craig-Hallum Capital Group - Analyst*

Would you be willing to say whether or not, between the prior target that you established and this newer target, that your organic expectations have increased, decreased, stayed the same?

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

They have increased, for sure.

Jeff Van Rhee *- Craig-Hallum Capital Group - Analyst*

Okay. And then I guess as you talk about the acquisitions, you mentioned specifically in the press release as well that you are looking at larger acquisitions. Can you just expand there? Where are you looking? What segments are you looking for? What is the margin discipline in terms of the profile and accretion requirements? Just give us a little thought process on what we should look for on the acquisition front.

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

Jeff, we are pretty tied into our thinking process, which is that we would like to see any acquisition to be at a 35% plus operating margin level. That's where we want to get to. Now, sometimes when you make an acquisition there's a period of time that it takes us to rationalize it, get it to that level.

Having said that, the areas that we are focused on is -- it depends on what geography we are looking at. We have specific targets in specific geographies in terms of functionalities. In the US, for example, we would like to expand our presence in the health exchange markets. We would like to create more end-to-end solutions. We would also like to - become a more expanded player in the continuing education market. We would also like to expand our presence in the life exchange markets. We would also like to take a place in the reinsurance exchange market in the US. So there are a number of different areas we want to go into.

But when you look at the European market, it's a slightly different ballgame. In the European markets, our focus will be slightly different. We will focus more on reinsurance exchanges, P&C exchanges, P&C SaaS paced backend system. So it will all come down to which market we are looking at.

In a continent like Africa, we would like to become a local player. We would like to become a local player in the health arena. There's a lot of e-governance, there's a lot of e-health deals happening in that part of the world because the governments are quite committed to changing their system and trying to refine health insurance or healthcare systems for their folks. And the deal sizes tend to be large. And we believe, rather than just be a player from outside who tries to target these deals, we need to be a player in the local markets. And the best way to become a local player is sometimes is you have to possibly make an acquisition so that you can inherit some local relationships and local trust. So that's our thinking on acquisitions.

Jeff Van Rhee *- Craig-Hallum Capital Group - Analyst*

Okay. And then just in terms of the organic business again, in terms of the acceleration, can you dive down a little deeper? Where is the acceleration taking place?

And then on the flipside of that, you mentioned that you are considering or actually intending to scale down a segment that, if I heard it right, was $10 million to $12 million in revenue. What is that? Why are you stepping away? If you could touch on those two?

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

Yes. First of all, no, I did not say $10 million to $12 million revenue. What I was talking about was -- I gave two examples. One example I gave was a business where we are trying to scale down. Now, that's a business where the revenue is not as much but you could say probably $3 million. At the same time, it's not getting us the kind of margins that we would like to do. And we feel we don't want to be in a commodity business. We want to be in a business which is a niche business where we can drive margins. So that's a business that we are scaling down.

However, on the other side, the example that I gave, $10 million to $12 million, that was more of an example of a business that we today have, we see growth in that business, we know that if we spend more money we can take that business -- it's a very analytical business. I don't want to go into specifics of it, what business that is. But it's a business where, as we scale up our spend, our revenue automatically goes up. It's a B2C business. In that business, our margins tend to be around 10%. And we are not so comfortable with that because we feel that will, overall, reduce our overall margins. So that's as regards those two.

I think your first part of your question you said where do we possibly see acceleration? I think I addressed that during my talk, Jeff, when I addressed the area of life exchanges, I addressed the area of reinsurance exchanges. I addressed the area of health exchanges, CRM. These, I think, would be four key areas where we can accelerate our growth.

Jeff Van Rhee - *Craig-Hallum Capital Group - Analyst*

Okay. And then two numbers questions, one on the IRS, and the second one -- I guess I'll do the second one first, and maybe this is for Bob. From a gross margin standpoint, how should we think about the year progressing? Obviously, you incorporated Oakstone and Vertex into the numbers and saw a fairly substantial drop in gross margins. I know you like to take businesses on and get them right-sized fairly quickly. We went from an 80% gross margin gap to 71%. How do we think about that trending going forward? I think you had broadly said in the earlier script that we should see margin improvement through the year. But specifically I'm looking at gross margins here.

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

Yes. I think, first of all, this time we made a number of acquisitions. And we will take time to rationalize. That's the first part of it.

Second of all, we made some consulting acquisitions in the consulting arena. And we are trying to build a big consulting line. And in that arena, it will come with a slightly lower margin set. And we're going to try and work our way up in that area. So, that's basically the two key reasons with respect to that.

I think your other question regarding IRS --, could you repeat that, please, the question on --

Jeff Van Rhee - *Craig-Hallum Capital Group - Analyst*

Yes. I think you referenced in your script, and obviously there was a press release out intraquarter on the conclusion of the IRS audit. And I guess just any expanded clarity on what the resolution was. And then just to confirm, I think you said it in your script, there were no penalties involved in that outcome. If you could just clarify both of those?

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

That's absolutely correct, what you just said. There are no penalties assessed on Ebix. The rest we have already declared. So I think that you are also going to have the data in the K, and that's about it.

Jeff Van Rhee - *Craig-Hallum Capital Group - Analyst*

Okay. All right. And then, Robin, you had referenced last quarter a big signing with Swiss Re. I wonder if you could give us any update there? And any other color -- obviously, this London market deal has very big implications. But just a sense of the big deal pipeline as we sit here versus maybe where we were six months ago? If you could touch on those two?

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

On the partnership side and with respect to our exchange, what we're trying to do, we are trying to create end-to-end exchanges in the life arena. That's the first one. The second thing is we have an underwriting exchange solution whereby we can offer two kinds of solutions. One is an aggregated exchange where people can come in and multiple players can interact with each other. That's one solution.

We also have a highly custom solution where we totally differentiate from anybody else because we have a highly custom solution which large carriers like to deploy and create a private exchange. Now, in that kind of a solution, we really do not feel that there's anybody who can compete with us.

What we have done in recent times, in the last five, six months, we have had a lot of large wins with respect to large life carriers in the US and Canada both. At the right time, we will keep announcing these names. We have strict NDAs with these clients and until we get their approval, it's very hard for us to announce these names. So I don't want to specifically name companies. But let's suffice it to say that we in the last five, six months have picked up probably anywhere between five to six large carriers. All of these are recurring deals, multi-year deals, whereby we deploy these exchanges. And once we get in, it's a very sticky business.

And so we feel very good about that. And that's where the Swiss Re relationship has helped. It has been more of a joint relationship to try and see what we can build together in the world markets.

Jeff Van Rhee - *Craig-Hallum Capital Group - Analyst*

And without putting numbers on any particular carrier, what qualifies a deal as a large deal? Do we think of that as that as seven figures, is it multiple seven figures? Just how do we think about what a large carrier is?

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

You see, there are two kinds of deals. One is we have to differentiate between any deal, which is what I call possibly a transformational deal. And to me, a transformational deal is anything which can give us $7 million to $8 million upward of operating income in a deal. If there's a deal on a recurring basis that gives you $7 million to $8 million of recurring operating income, to me that's a fairly transformational number, considering that's just income.

But then if I go down to the size of deals, for example, on underwriting exchange, what we call large in that segment would be a deal which would basically give us anywhere close to $2 million a year in revenue.

Jeff Van Rhee - *Craig-Hallum Capital Group - Analyst*

Okay. Great. I'll let somebody jump in. Thank you.

Operator

(Operator Instructions). Harvey Poppel of Poptech, LP.

Harvey Poppel - *Poptech LP - Analyst*

Robin, this is certainly a blowout quarter in the fourth quarter. I think all investors are greatly heartened by the performance in 2014. I had some questions dealing with the 2014 results and then just a couple of questions about the outlook going forward. First of all, with respect to 2014, can you give a rough breakout of how much of the revenue growth was organic versus acquired?

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

I think, Harvey, I've answered this question multiple times in the past, that we don't do that. We are not able to do it because of how we sell our products. So I think I'll stop there.

With respect to that, we do have pro forma table, in the K, we do a pro forma table based on all the past acquisitions, layer them on top of the revenues and say a what-if scenario we present. So that might give you the answer. It's not really a direct answer in terms of organic growth and so on, but it does give you a fair idea of what's going on.

Harvey Poppel - *Poptech LP - Analyst*

Okay. The second question is, with all the wins and the acquisitions, are there areas of the business -- now you mentioned, of course, there are certain low-margin businesses that you are deemphasizing or choosing not to get into. Are there other areas of the business that are decent margins but are at a stage of life where the revenues are sliding down?

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

There can always be businesses, just to ive you an example, the last I knew or I looked at, we have 270 different products. So it would not be smart on my part to tell you that every business will always keep going up. This is an ongoing phase, we look at each product, we look at each area, we look at what does it deliver for us? Is it going up? Is it not going up? There will be certain areas where you will see some declines. It's a possibility, and we keep a very close watch on it.

But if you ask me, is there anything alarming going on in any particular area, no, the answer is no.

Harvey Poppel - *Poptech LP - Analyst*

Okay. On the London deal, I know you can't say much about it. But can you give some indication as to when we would see the revenues flow from that deal and when they would reach the full level of potential?

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

Harvey, thank you for these questions, but as I said in my call, I cannot divulge that. We have very tight, strict confidentiality agreements as of yet. And if at any time when the start date comes out, it won't come from me, it will come from them. And we prefer it that way.

Harvey Poppel - *Poptech LP - Analyst*

Okay, good. Thank you very much.

Operator

Thank you. And at this time, I'm not showing any further questions. I'd like to turn the call back to management for any closing comment.

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

Since we don't have any more questions, I will close the call. Thanks, everyone, for joining in. And we look forward to speaking to you again at the end of Q1. Thank you.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program and you may all disconnect. Everyone, have a wonderful day.