EBIX INC
Form 10-K
March 16, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
to

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

For the fiscal year ended December 31, 2009

OR

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

Commission file number 0-15946

EBIX, INC.

(Exact name of registrant as specified in its charter)

Delaware	77-0021975
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification Number)
5 Concourse Parkway, Suite 3200 Atlanta, Georgia (Address of principal executive offices)	30328 (Zip Code)

Registrant s telephone number, including area code: (678) 281-2020

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

Common Stock, par value $0.10 per share

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes o No þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of March 11, 2010, the number of shares of Common Stock outstanding was 34,949,450. As of June 30, 2009 (the last business day of the registrant s most recently completed second fiscal quarter), the aggregate market value of Common Stock held by non-affiliates, based upon the last sale price of the shares as reported on the NASDAQ Global Capital Market on such date, was approximately $172,823,447 (for this purpose, the Company has assumed that directors, executive officers and holders of more than 10% of the Company s common stock are affiliates).

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PART IV

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SAFE HARBOR REGARDING FORWARD-LOOKING STATEMENTS

As used herein, the terms Ebix, the Company, we, our and us refer to Ebix, Inc., a Delaware corporation, and its consolidated subsidiaries as a combined entity, except where it is clear that the terms mean only Ebix, Inc.

This Form 10-K and certain information incorporated herein by reference contains forward-looking statements and information within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. This information includes 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. In addition, certain statements included in this and our future filings with the Securities and Exchange Commission (SEC), in press releases, and in oral and written statements made by us or with our approval, which are not statements of historical fact, are forward-looking statements. Words such as may, could, should, would, believe, expect, anticipate, estimate, intend, seeks, plan, will, should, and other words or expressions of similar meaning are intended by the Company to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are found at various places throughout this report and in the documents incorporated herein by reference. These statements are based on our current expectations about future events or results and information that is currently available to us, involve assumptions, risks, and uncertainties, and speak only as of the date on which such statements are made.

Our actual results may differ materially from those expressed or implied in these forward-looking statements. Factors that may cause such a difference, include, but are not limited to those discussed in Part I, Item IA, Risk Factors , below, as well as: the willingness of independent insurance agencies to outsource their computer and other processing needs to third parties; pricing and other competitive pressures and the company s ability to gain or maintain share of sales as a result of actions by competitors and others; changes in estimates in critical accounting judgments; changes in or failure to comply with laws and regulations, including accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax interpretations) in domestic or foreign jurisdictions; exchange rate fluctuations and other risks associated with investments and operations in foreign countries (particularly in Australia and India wherein we have significant operations); equity markets, including market disruptions and significant interest rate fluctuations, which may impede our access to, or increase the cost of, external financing; and international conflict, including terrorist acts.

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, or changes to any of the forward-looking statements contained herein to reflect future events, developments, changed circumstances, or for any other reason.

Readers should carefully review the disclosures and the risk factors described in this and other documents we file from time to time with the SEC, including future reports on Forms 10-Q and 8-K, and any amendments thereto.

You may obtain our SEC filings at our website, *www.ebix.com* under the Investor Information section, or over the Internet at the SEC s web site, *www.sec.gov*.

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PART I

Item 1: BUSINESS

Company Overview

Ebix, Inc. (Ebix , the Company we or our) was founded in 1976 as Delphi Systems, Inc., a California corporation December 2003 the Company changed its name to Ebix, Inc. The Company is listed on the NASDAQ Global Market.

Ebix, Inc. is a leading international supplier of software and e-commerce solutions to the insurance industry. Ebix provides a series of application software products for the insurance industry ranging from carrier systems, agency systems and exchanges to custom software development for all entities involved in the insurance and financial industries.

Our goal is to be the leading powerhouse of backend insurance transactions in the world. The Company s technology vision is to focus on convergence of all insurance channels, processes and entities in a manner such that data can seamlessly flow once a data entry has been made.

Ebix strives to work collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges. Ebix combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, applications software, and Web and application hosting to meet the individual needs of organizations.

Recently, we made a number of strategic acquisitions.

We acquired E-Z Data, Inc. (E-Z Data) effective October 1, 2009. E-Z Data was a leading industry provider of on-demand customer relationship management (CRM) solutions for insurance companies, brokers, agents, investment dealers, and financial advisors. We acquired the business operations and intellectual property of E-Z Data for an aggregate purchase price of $50.53 million paid to E-Z Data s shareholders consisting of cash consideration in the amount of $25.53 million paid at closing and $25.00 million in shares of our common stock valued at the average market closing price for the three most recent days prior to September 30, 2009. We funded the cash portion of the purchase price for this business acquisition using the proceeds from the Company s two convertible promissory notes issued in late August 2009.

We acquired Peak Performance Solutions, Inc. (Peak) effective October 1, 2009. Pursuant to the terms of the stock purchase agreement, we paid Peak s shareholders $8.0 million in cash for all of Peak s outstanding stock. Peak provides comprehensive, end-to-end insurance software and technology solutions to insurance companies and self-insured entities for workers compensation claims processing, risk management administration, and managed care tracking. Peak s shareholders also retain the right to earn up to $1.5 million of future additional cash compensation, if certain revenue targets are achieved during the 2010 calendar year. We funded this acquisition with internal resources using available cash reserves.

Effective May 1, 2009, we acquired Facts, Inc. (Facts) a leading provider of fully automated software solutions for healthcare payers specializing in claims processing, employee benefits, and managed care. Facts products are available in either an application service provider (ASP) or self-hosted model. We paid the Facts shareholders $7.0 million in cash for all of Facts stock. We financed this acquisition with internal resources using available cash reserves.

We acquired ConfirmNet Corporation (ConfirmNet) on November 24, 2008. Pursuant to the terms of the plan of merger and agreement, Ebix paid ConfirmNet shareholders $7.4 million for all of ConfirmNet s stock. The ConfirmNet shareholders earned an additional $3.1 million for meeting certain revenue objectives which was paid in the first quarter of 2009, and retain the right to earn up to an additional $3.2 million at the one year anniversary date of the acquisition if certain revenue targets of the ConfirmNet division of Ebix are met.

We acquired Acclamation Systems, Inc, (Acclamation) on August 1, 2008. Pursuant to the terms of this agreement, on August 1, 2008, Ebix paid Acclamation shareholders $22 million for all of Acclamation s stock. Acclamation s shareholders also retain the right to earn up to $3 million in additional cash consideration over the two year period following the effective date of the acquisition if specific revenue targets of Ebix s Health Benefits division are achieved. The Company financed this acquisition using a combination of available cash reserves and the proceeds from the issuance of convertible debt.

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Effective April 28, 2008 Ebix acquired Periculum Services Group (Periculum) a provider of certificate of insurance tracking services. The Company acquired all of the stock of Periculum for a payment of $1.1 million and Periculum s shareholders earned, and the Company paid an additional $200 thousand for meeting certain revenue objectives. Ebix financed this acquisition using available cash. The operating results of Periculum, which is a component of our BPO channel, have been included in the Company s reported net income starting in the second quarter of 2008.

Effective January 2, 2008 Ebix completed the acquisition of Telstra eBusiness Services Pty Limited (Telstra), a premier insurance exchange located in Melbourne, Australia. The purchase price was $43.8 million and was financed with a combination of available cash reserves, proceeds from the issuance of convertible debt, proceeds from the sales of unregistered shares of the Company s common stock, and funding from the Company s revolving line of credit.

On November 1, 2007, Ebix completed the acquisition of IDS Jenquest, Inc. (IDS), a leader in the certificate of insurance tracking industry located in Hemet, California. The purchase price was $11.25 million and was primarily financed from internal sources using our own cash reserves. IDS shareholders retained the right to earn up to $1.0 million in additional payments over one year if certain revenue or operating income targets of the IDS division of Ebix were met. The earn-out of $1.0 million was achieved in the fourth quarter of 2008 and payment was remitted in the first quarter of 2009.

The Company has its headquarters in Atlanta, Georgia, and it also has domestic operations in Walnut Creek, San Diego and Hemet, California; Pittsburgh, Pennsylvania; Portland, Michigan; New York, New York; St Louis, Missouri; Park City, Utah; Herndon, Virginia; Pasadena, California; Columbus, Ohio; and Dallas, Texas. The Company also has offices in Brazil, Australia, New Zealand, Singapore, Japan, China, and India. In these offices, Ebix employs insurance and technology professionals who provide products, services, support and consultancy to more than 3,000 customers on six continents. Ebix s focus on quality has enabled its development unit in India to be awarded Level 5 status of the Carnegie Mellon Software Engineering Institute s Capability Maturity Model Integrated (CMMI). Ebix has also earned ISO 9001:2000 certifications for both its development and call center units in India.

The Company s revenues are derived from four (4) product or service groups. Presented in tabular format below is the breakout of our revenue streams for each of those product or service groups for the year ended December 31, 2009 and 2008:

	For the Year Ended December 31,	
(dollar amounts in thousands)	**2009**	**2008**
Carrier Systems	$ 10,624	$ 11,314
Exchanges	$ 60,764	$ 42,711
BPO	$ 14,698	$ 8,380
Broker Systems	$ 11,599	$ 12,347
Totals	**$ 97,685**	**$ 74,752**

Information on the geographic dispersion of the Company s revenues, net income and fixed assets is furnished in Note 15 to the consolidated financial statements, included elsewhere in this Form 10-K.

Industry Overview

The insurance industry has undergone significant consolidation over the past several years driven by the need for, and benefits from, economies of scale and scope in providing insurance in a competitive environment. The insurance markets have also seen a steady increase in the desire to reduce paper based processes and improve efficiency both at the back-end side and also at the consumer end side. Such consolidation has involved both insurance carriers and insurance brokers and is directly impacting the manner in which insurance products are distributed. Management believes the insurance industry will continue to experience significant change and increased efficiencies through online exchanges and reduced paper based processes are becoming increasingly a norm across the world insurance markets. Changes in the insurance industry are likely to create new opportunities for the Company.

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Products and Services

The Company s product and service strategy focuses on (a) worldwide sale, customization, development, implementation and support of its property and casualty (P&C) back-end insurance carrier system platforms; (b) worldwide sales and support of P&C and management systems (c) expansion of connectivity between consumers, agents, carriers, and third party providers through its exchange family of products in the life, health, annuity and P&C sectors worldwide namely the EbixExchange family of products; and, (d) business process outsourcing services, which include certificate origination, certificate tracking, , claims adjudication call center, and back office support.

Ebix s revenue is generated through four main channels in which the Company conducts its operations specifically: Exchanges, Carrier Systems, Broker Systems, and Business Process Outsourcing. The revenue streams for each of these channels are further described below.

Exchanges: Ebix operates data exchanges in the areas of life insurance, annuities, employee health benefits, and P&C insurance. Each of these exchanges connects multiple entities within the insurance markets enabling the participant to seamlessly and efficiently carry and process data from one end to another. Ebix s life, annuity, and employee health benefit exchanges currently operate primarily in the United States while the P&C exchanges operate primarily in Australia and New Zealand. Exchange revenue is primarily derived from transaction fees charged for each data transaction processed on an Ebix Exchange, with a transaction being defined as the exchange of data between any two entities using an exchange. These exchanges have been designed to completely adhere to industry and regulatory data standards. Accordingly, insurance companies work with Ebix or third party vendors to interface an exchange with their back-end systems. Since each exchange is built based on industry standards, the system/exchange interfaces can be built by Ebix or any other third party vendor, at the client s option. If the interfaces are built by Ebix revenue, is derived in the form of professional services charged on time and materials basis.

Carrier Systems: Ebix s exclusive focus in the area of carrier systems is on designing and deploying back-end end systems for P&C insurance companies Revenue from these services is derived from two main sources specifically subscription revenues or license revenues from clients and time and material fees charged to customize these products to an insurance company s specific functional requirements.

Broker Systems: Ebix s exclusive focus in the area of broker systems is on designing and deploying back-end systems for P&C insurance brokers across the world. Ebix has three back-end systems in this area, namely eGlobal, which targets multinational P&C insurance brokers; WinBeat, which targets P&C brokers in the Australian and New Zealand markets; and, EbixASP, which is a system for the P&C insurance brokers in the United States. Revenue from eGlobal is derived from two main sources specifically license based revenues and time and material fees charged to customize the product to a broker s specific functional requirements. Revenue from WinBeat is derived from monthly subscription fees charged to each P&C broker in Australia and New Zealand that has deployed the service. Revenue from EbixASP comes from monthly subscription fees charged to each P&C broker in the United States using the service. All these three products are presently being redesigned, coded and rebuilt on the most current technologies prevalent today.

Business Process Outsourcing (BPO): Ebix s primary focus in this channel pertains to the creation and tracking of certificates of insurance issued in the United States and Australian markets. Ebix provides a software-based service service for issuance of certificates which the Company markets to its P&C broker clients in the United States, to issue certificates of insurance that fully adhere to industry standards such as ACORD. Ebix derives transaction-based revenues for each certificate that is issued by the broker for their client s using the Ebix service. Ebix also provides a service to track certificates of insurance for corporate clients in the United States and Australia that generates transactional-based revenue based for each certificate tracked by the Company for its clients.

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Ebix also provides software development, customization, and consulting services to a variety of entities in the insurance industry including carriers, brokers, exchanges and standard making bodies.

Product Development

The Company has consistently focused on maintaining high quality product development standards. Our India development facility is certified for Carnegie Mellon s highest rating level, CMMi 5 . Product development activities include research and the development of platform and/or client specific software enhancements such as adding functionality, improving usefulness, increasing responsiveness, adapting to newer software and hardware technologies, or developing and maintaining the Company s websites.

The Company has expended $11.4 million, $9.0 million, and $7.6 million during the years ending December 31, 2009, 2008, and 2007, respectively, on product development initiatives. The Company s product development efforts are focused on the continued enhancement and redesign of the its Exchange, broker systems, carrier systems, BPO service lines to keep our technology edge in the markets, the development new technologies for insurance carriers, brokers and agents, and the redesign, coding, development of new services for international and domestic markets.

Competition

Ebix is in a unique position of being the only company worldwide in insurance software markets that provides services in all four of its revenue channels. This also means that in each of these areas Ebix has different competitors. In fact, in most of these areas Ebix has a different competitor in each country in which we operate. In the area of insurance data exchanges Ebix has a different competitor on each line of exchange in each country.

Further in support of Ebix s competitive advantage is the fact that the Company has centralized worldwide product management, intellectual property rights development, software and system development operations in Singapore and India. With its strong focus on quality, Ebix-India has consistently delivered on time for all customer needs across the world. India is rich in technical skills and the cost structures are significantly lower in India as compared to the United States. Ebix has continued to develop India as a learning center of excellence with a strong focus on hiring skilled professional graduates having recently obtained their masters degrees in computer application and training them on insurance systems and software applications. This focus on building a knowledge base combined with the ability to hire more professional resources at the lower cost structures in India, has helped Ebix consistently ensure a strong focus on protecting knowledge as well as delivering projects on time and in a cost effective fashion.

The following is a closer and more detailed examination of our competition in each of these four main channels.

Exchanges: Ebix operates a number of exchanges and the competition for each of those exchanges varies within each of the regions that Ebix operates in.

Life Insurance Exchange Ebix operates two life insurance exchanges in the United States -namely Winflex and LifeSpeed. Winflex is an exchange for pre-sale life insurance illustrations between brokers and carriers, while LifeSpeed is an order entry platform for life insurance. Both of these exchanges are presently deployed only in the United States with the Company having distinct plans to deploy them in other parts of the world. Ebix has two main competitors in the life exchange area namely Blue Frog and iPipeline. Ebix s differentiates itself from its competitors by virtue of having an end-to-end solution offering in the market with its exchanges being interfaced with other broker systems and CRM services like EbixCRM. Ebix s exchanges also have the largest aggregation of life insurance brokers and carriers transacting business in the United States.

Annuity Exchange Ebix operates an annuity exchange in the United States namely Annuitynet. This exchange is an order entry platform for annuity transactions between brokers, carriers, broker general agents (BGA s), and other entities involved in annuity transactions. This exchange is presently deployed only in the United States with the company having distinct plans to deploy it in other parts of the world, such as Latin America. Ebix has one main competitor in the annuity exchange area namely Blue Frog. Again, Ebix s differentiates itself from its competitors by virtue of having an end-to-end solution offering in the market with its exchanges being interfaced with broker systems and CRM services like Ebix CRM. Ebix exchanges also benefit from transacting the largest amounts of premiums in annuity business on any single exchange in the United States.

Employee Benefits Ebix currently provides employee benefit services through two of its platforms namely Facts and LuminX. Collectively, these platforms service approximately nine million lives. These platforms are sold to health carriers and third party administrators. These platforms provide the full gamut of services such as employee enrollment, claims adjudication, accounting, and employee benefits administration accounting. Ebix has a number of competitors of varying sizes in this area. Trizetto is currently the largest player in the market while there are other similar size competitors, such as ADAM, Benefit Mall, and Health Axis. This service is presently deployed in the United States with the company already having started marketing it in other parts of the world such as Asia, the Middle East, Australia, New Zealand and the United Kingdom.

P&C Exchanges Ebix operates two P&C exchanges in Australia and New Zealand. Both of these exchanges are targeted to the areas of personal and commercial lines, and facilitate the exchange of insurance data between brokers and insurance carriers. Ebix has distinct plans to deploy these exchanges in Asia, Europe and the United States. There are presently no competitors in the P&C exchange area in Australia and New Zealand, however, competition may eventually evolve in these markets. Our competitive differentiation is by virtue of having an end-to-end solution offering in the market with its exchanges being interfaced with broker systems such as eGlobal, WinBeat and Lumley.

Carrier Systems: Ebix has a number of carrier system offerings for P&C carriers namely Ebix Advantage and Ebix Advantageweb. Ebix Advantage is sold only in the United States and is designed primarily for this market. Ebix Advantage is targeted at small, medium and large P&C carriers in the United States that operate in the personal, commercial, and specialty line areas of insurance. Ebix Advantageweb is designed for the international markets and is targeted at the small, medium and large P&C carriers in the United States and international markets that operate in the personal, commercial, and specialty line areas of insurance. Ebix Advantage is designed to be multicurrency and multilingual and is deployed in United Kingdom and the United States. Competition to both these products comes from large companies, such as CSC, Guidewire, Rebus, PMSC, and specialty medical malpractice players like Delphi.

Broker Systems: Ebix has a number of broker system offerings for P&C brokers world-wide; namely eGlobal, WinBeat and EbixASP. The competition for these broker systems varies within each of the regions that Ebix conducts this type of business.

eGlobal is sold across the world and has a customer base that currently spans six continents. The product is multilingual and multicurrency and available in a number of languages such as English, Chinese, Japanese, French, Portuguese, and Spanish. eGlobal is targeted to the medium and large P&C brokers around the world. eGlobal competition tends to be different in each country with no single competitor having a global offering. eGlobal tends to compete with home grown systems and regional players in each country. Its uniqueness comes from of the fact that the product is multilingual, multicurrency and yet still has a common code base around the world with features that are easily activated and deactivated.

WinBeat is a back-end broker system that is currently sold in Australia and New Zealand. It is targeted at small P&C brokers in these countries. The product at present is available only in English and can be deployed in a few hours with minimal training. WinBeat s competition in Australia and New Zealand comes from local vendors such as Lumley and Sirius, a international vendor. Ebix plans to deploy WinBeat in a number of emerging insurance markets such as India and China.

Between eGlobal and WinBeat, Ebix broker systems customer base in Australia spans 834 of the 960 P&C brokers in Australia giving it in excess of 85% of the customer base in this country. Ebix broker systems customer base in New Zealand spans 1,500 of the 1,875 P&C brokers in New Zealand giving it 80% of the customer base in this county.

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EbixASP is Ebix s P&C broker systems offering for the US markets. The service is designed around the ACORD insurance standards used in the United States. EbixASP has three main competitors in the US specifically Vertafore, Applied and XDimensional.

BPO Services: Ebix has a number of BPO services that it offers in the insurance markets, each of which are enabled by the Company s proprietary software. Ebix s BPO service offerings are mainly in the areas of insurance certificate issuance and insurance certificate tracking. Ebix s BPO service offerings currently cater to eighty-five of the Fortune 500 companies in the United States. Furthermore, internationally Ebix has recently launched its BPO services in Australia and New Zealand. Ebix intends to eventually take this offering to many other parts of the world.

Ebix s BPO service offering in the insurance certificate issuance area has one main competitor in the United States, namely CSR 24. Due to the highly fragmented market, the EbixBPO service offering in the insurance certificate tracking area has a number of smaller competitors such as Datamonitor, CMS, and Exigis.

Intellectual Property

Ebix generally seeks protection under federal, state and foreign laws for strategic or financially important intellectual property developed in connection with our business. We regard our software as proprietary while adhering to open architecture industry standards and attempt to protect it with copyrights, trade secret laws and restrictions on the disclosure and transferring of title. Certain intellectual property, where appropriate, is protected by contracts, licenses, registrations, confidentiality or other agreements or protections. Despite these precautions, it may be possible for third parties to copy aspects of the Company s products or, without authorization, to obtain and use information which the Company regards as trade secrets.

Employees

As of December 31, 2009, the Company had 958 employees, distributed as follows: 59 in sales and marketing, 651 in product development, 173 in back-end operations, and 75 in administration, general management and finance. None of the Company s employees is presently covered by a collective bargaining agreement. Management considers employee relations to be competitively good.

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Executive Officers of the Registrant

Following are the persons serving as our executive officers as of March 16, 2010, together with their ages, positions and brief summaries of their business experience:

Name	Age	Position	Officer Since
Robin Raina	43	Chairman, President, and Chief Executive Officer	1998
Robert F. Kerris	56	Chief Financial Officer and Corporate Secretary	2007

There are no family relationships among our executive officers, nor are there any arrangements or understandings between any of the officers and any other persons pursuant to which they were selected as officers.

ROBIN RAINA, 43, has been a director at Ebix since 2000 and Chairman of the Board at Ebix since May 2002. Mr. Raina joined Ebix, Inc. in October 1997 as our Vice President Professional Services and was promoted to Senior Vice President Sales and Marketing in February 1998. Mr. Raina was promoted to Executive Vice President, Chief Operating Officer in December 1998. Mr. Raina was appointed President effective August 2, 1999, Chief Executive Officer effective September 23, 1999 and Chairman in May 2002. Mr. Raina holds an industrial engineering degree from Thapar University in Punjab, India.

ROBERT F. KERRIS, 56, joined the Company as Chief Financial Officer on October 22, 2007. Prior to joining the Company, Mr. Kerris was Chief Financial Officer at Aelera Corporation. He held this position from May 2006 to October 2007. Previously he was a Financial Vice President at Equifax, Inc. from November 2003 to April 2006, Corporate Controller at Interland, Inc. from September 2002 to October 2003, and held senior financial management positions at AT&T, BellSouth, and Northern Telecom. Mr. Kerris is a licensed certified public accountant and holds an accounting and economics degree from North Carolina State University.

Our principal executive offices are located at 5 Concourse Parkway, Suite 3200, Atlanta, Georgia 30328, and our telephone number is (678) 281-2020. Our official Web site address is http://www.ebix.com. We make available, free of charge, at http://www.ebix.com, the charters for the committees of our board of directors, our code of conduct and ethics, and, as soon as practicable after we file them with the SEC, our annual reports on Form 10-K and our quarterly reports on Form 10-Q. We have not in the past posted current reports on Form 8-K, and amendments to these reports, however, we intend to do so in the near future. We will begin posting filings under Section 16 of the Exchange Act on our Web site. Any waiver of the terms of our code of conduct and ethics for the chief executive officer, the chief financial officer, any accounting officer, and all other executive officers will be disclosed on our Web site.

The reference to our Web site does not constitute incorporation by reference of any information contained at that site.

Item 1A. RISK FACTORS

You should carefully consider the risks, uncertainties and other factors described below, along with all of the other information included or incorporated by reference in this prospectus, including our financial statements and the related notes, before you decide whether to buy shares of our common stock. The following risks and uncertainties are not the only ones facing us. Additional risks and uncertainties of which we are currently unaware which we believe are not material also could materially adversely affect our business, financial condition, results of operations or cash flows. In any case, the value of our common stock could decline, and you could lose all or a portion of your investment. See also, Safe Harbor Regarding Forward-Looking Statements.

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Risks Related To Our Business and Industry

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.

We made a strategic decision approximately six years ago to eliminate our reliance on legacy products and related support services and instead focus on more current technology and services. As a result, our revenue from the support services we offer in connection with our legacy software products has been decreasing over the course of the past few years. This downward trend in our support revenue makes us dependent upon our other sources of revenue.

Our business may be materially adversely impacted by U.S. and global market and economic conditions particularly adverse conditions in the insurance industry.

For the foreseeable future, we expect to continue to derive most of our revenue from products and services we provide to the insurance industry. Given the concentration of our business activities in financial industries, we may be particularly exposed to economic downturns in this industry. U.S. and global market and economic conditions have been, and continue to be, disrupted and volatile, and in recently the volatility has reached unprecedented levels. General business and economic conditions that could affect us and our customers include fluctuations in debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor and consumer confidence, the exchange rate between the U.S. dollar and foreign currencies, and the strength of the economies in which our customers operate. A poor economic environment could result in significant decreases in demand for our products and services, including the delay or cancellation of current or anticipated projects, or could present difficulties in collecting accounts receivables from our customers due to their deteriorating financial condition. Our existing customers may be acquired by or merged into other institutions that use our competitors or decide to terminate their relationships with us for other reasons. As a result, our sales could decline if an existing customer is merged with or acquired by another company or closed. All of these conditions could adversely affect our operating results and financial position.

Our business may be adversely affected by the impacts of proposed health care legislation in the United States.

Third-party insurance benefit administrators (TPA s) demand for services from our health benefits exchange operating segment may be significantly reduced due to the diminished role of TPA s envisioned as a result of pending health care legislation expected to be implemented in the United States during 2010.

We may not be able to secure additional financing to support capital requirements when needed.

We may need to raise additional funds in the future in order to fund more aggressive brand promotion or more rapid market penetration, to develop new or enhanced services, to respond to competitive pressures, to make acquisitions or for other purposes. Any required additional financing may not be available on terms favorable to us, or at all, particularly in light of current conditions in the credit markets. If adequate funds are not available on acceptable terms, we may be unable to meet our strategic business objectives or compete effectively, and the future growth of our business could be adversely impacted. If additional funds are raised by our issuing equity securities, stockholders may experience dilution of their ownership and economic 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 significant market risks related to interest rates, and operating risks regarding limitations on our activities.

Our recent acquisitions of E-Z Data, Peak, Facts, ConfirmNet, Acclamation, and Telstra, as well as any future acquisitions that we may undertake could be difficult to integrate, disrupt our business, dilute stockholder value and adversely impact our operating results.

The acquisitions of E-Z Data, Peak, Facts, ConfirmNet, Acclamation, and Telstra, and other potential future acquisitions, subject the Company to a variety of risks, including risks associated with an inability to efficiently integrate acquired operations, prohibitively higher incremental cost of operations, outdated or incompatible technologies, labor difficulties, or an inability to realize anticipated synergies, whether within anticipated timeframes or at all; one or more of which risks, if realized, could have an adverse impact on our operations. Among the issues related to integration such acquisitions are:

- potential incompatibility of business cultures;
- potential delays in integrating diverse technology platforms;

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- potential difficulties in coordinating geographically separated organizations;
- potential difficulties in re-training sales forces to market all of our products across all of our intended markets;
- potential difficulties implementing common internal business systems and processes;
- potential conflicts in third-party relationships; and
- potential loss of customers and key employees and the diversion of the attention of management from other ongoing business concerns.

We may not be able to develop new products or services necessary to effectively respond to rapid technological changes. Disruptions in our business-critical systems and operations could interfere with our ability to deliver products and services to our customers.

To be successful, we must adapt to rapidly changing technological and market needs, by continually enhancing and introducing new products and services to address our customers changing demands. The marketplace in which we operate 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 effectively 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 insurance software business also experiences competition from certain large hardware suppliers that sell systems and system components to independent agencies and from small independent developers and suppliers of software, who sometimes work in concert with hardware vendors to supply systems to independent agencies. Pricing strategies and new product introductions and other pressures from existing or emerging competitors could result in a loss of customers or a rate of increase or decrease in prices for our services different than past experience. Our internet business may also face indirect competition from insurance carriers that have subsidiaries which perform in-house agency and brokerage functions.

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Some of our current competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial and marketing 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.

We regard our intellectual property in general and our software in particular, as critical to our success.

We rely on copyright laws and nondisclosure, license, and confidentiality arrangements to protect our proprietary rights as well as the intellectual property rights of third parties whose content we license. However, it is not possible to prevent all unauthorized uses of these rights. We cannot provide assurances that the steps we have taken to protect our intellectual property rights, and the rights of those from whom we license intellectual property, are adequate to deter misappropriation or that we will be able to detect unauthorized uses and take timely and effective steps to remedy this unauthorized conduct. In particular, a significant portion of our revenues are derived internationally including jurisdiction where protecting intellectual property rights may prove even more challenging. To prevent or respond to unauthorized uses of our intellectual property, we might be required to engage in costly and time-consuming litigation and we may not ultimately prevail. In addition, our offerings could be less differentiated from those of our competitors, which could adversely affect the fees we are able to charge.

If we infringe on the proprietary rights of others, our business operations may be disrupted, and any related litigation could be time consuming and costly.

Third parties may claim that we have violated their intellectual property rights. Any of these claims, with or without merit, could subject us to costly litigation and divert the attention of key personnel. 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, to use the right or to use a non-infringing method, if possible, to accomplish our objectives. The cost of such activity could have a material adverse effect on our business.

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

Our future success is substantially dependent on the continued services and continuing contributions of our senior management and other key personnel particularly Robin Raina, our president and chief executive officer. Since becoming Chief Executive Officer of the Company in 1999, his strategic direction for the Company and implementation of such direction has proven instrumental in our profitable turnaround and growth. The loss of the services of any of our executive officers or other key employees could harm our business.

Our future success depends on our ability to continue to attract, retain and motivate highly skilled employees. If we are not able to attract and retain key skilled personnel, our business will be harmed. Competition for personnel in our industry is intense.

Our international operations are subject to a number of risks that could affect our revenues, operating results, and growth.

We market our products and services internationally and plan to continue to expand our internet services to locations outside of the United States. We currently conduct operations in Australia, New Zealand, and Singapore, and have product development activities and call center services in India. Our international operations are subject to other inherent risks which could have a material adverse effect on our business, 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;
- burdensome regulatory requirements;
- trade and financing barriers, and differing business practices;
- significant fluctuations in exchange rates;
- potentially adverse tax consequences; and
- political and economic instability.

Furthermore, our entry into additional international markets requires significant management attention and financial resources, which could divert management s attention from existing business operations.

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Our financial position and operating results may be adversely affected by the changing U.S. Dollar rates and fluctuations in other currency exchange rates.

We will be exposed to currency exchange risk with respect to the U.S. dollar in relation to the foreign currencies in the countries because a significant portion of our operating expenses are incurred in foreign countries. This exposure may increase if we expand our operations in overseas. We currently have a series of forward hedges in place to hedge against adverse fluctuations in the currency exchange rates between the U.S. dollar and Indian rupee. We will monitor changes in our exposure to exchange rate risk that result from changes in our business situation.

Risks Relating to Regulation and Litigation

Federal Trade Commission laws and regulations that govern the insurance industry could expose us or the agents, brokers and carriers with whom we participate in our online marketplace to legal penalties.

We perform functions for licensed insurance agents, brokers and carriers and need to comply with complex regulations that vary from state to state and nation to nation. These regulations can be difficult to comply with, and can be ambiguous and open to interpretation. If we fail to properly interpret or comply with these 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, 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 regulations regarding the manner in which insurance is sold, our business could be adversely affected.

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 the 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 frequently occur in the future, usage of our website could grow more slowly than anticipated or decline and we may lose revenues and customers. If the internet data center operations that host any of our websites were to experience a system failure, the performance of our website would be harmed. These systems are also vulnerable to damage from fire, floods, and earthquakes, acts of terrorism, power loss, telecommunications failures, break-ins and similar events. The controls implemented by our third-party service providers may not prevent or timely detect such system failures. Our property and business interruption insurance coverage may not be adequate to fully compensate us for 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 maintain sufficient security features in our online product and service offerings, our products and services may not gain market acceptance, and we could also be exposed to legal liability. Despite the measures that we have or 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 expenditures to protect against or remediate security breaches. Additionally, if we are unable to adequately address our customers concerns about security, we may have difficulty selling our products and services.

Uncertainty in the marketplace regarding the use of internet users personal information, or 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 uses of personal identification 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 and related privacy issues; pricing; taxation; telecommunications over the internet; content; copyrights; distribution; and domain name piracy. The enactment of any additional laws or regulations, including international laws and regulations, could impede the growth of 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 experienced extreme price and volume fluctuations in recent months. 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:

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

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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 a specific company s operating performance. As a result, investors may not be able to sell shares of our common stock at or above the price at which an investor paid. 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 could be diverted from our business.

Quarterly and annual operating results may fluctuate, which could cause our stock price to be volatile.

Our quarterly and annual 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 period. Results of operations during any particular period are not necessarily an indication of our results for any other period. Factors that may adversely affect our periodic results may include the loss of a significant insurance agent, carrier or broker relationship or the merger of any of our participating insurance carriers with one another. Our operating expenses are based in part on our expectations of our future revenues and are partially fixed in the short term. We may be unable to adjust spending quickly enough to offset any unexpected revenue shortfall.

Provisions in our articles of incorporation, bylaws, and Delaware law may make it difficult for a third party to acquire us, even in situations that may be viewed as desirable by our shareholders.

Our certificate of incorporation and bylaws, and provisions of Delaware law may delay, prevent or otherwise make it more difficult to acquire us by means of a tender offer, a proxy contest, open market purchases, removal of incumbent directors and otherwise. These provisions, which are summarized below, are expected to discourage types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with us. We are subject to the business combination provisions of Section 203 of the Delaware General Corporation Law. In general, those provisions prohibit a publicly held Delaware corporation from engaging in various business combination transactions with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- The transaction is approved by the board of directors prior to the date the interested stockholder obtained interested stockholder status;
- Upon consummation of the transaction that resulted in the stockholder s becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- On or subsequent to the date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

These provisions could prohibit or delay mergers or other takeover or change of control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The Company s corporate headquarters, including substantially all of our corporate administration and finance functions, is located in Atlanta, Georgia where we lease 15,422 square feet of commercial office space. In addition the Company and its subsidiaries lease office space of 5,500 square feet in Park City, Utah, 4,148 square feet in Dallas, Texas, 12,000 square feet in Herndon, Virginia, 10,800 square feet in Hemet, California, 2,156 square feet in Walnut Creek, California, 11,500 square feet in Pittsburgh, Pennsylvania, 673 square feet in St Louis, Missouri, 5,300 square feet in Portland, Michigan, 7,000 square feet in San Diego, California, 7,800 square feet in Miami, Florida, 25,482 square feet in Pasadena, California, 4,384 square feet in Lynchburg, Virginia, and 5,289 square feet in Columbus, Ohio. Additionally, the Company leases office space in New Zealand, Australia, Singapore, Canada, Japan, and China for support and sales offices. The Company owns four facilities in India with total square footage of approximately 65,000 square feet and leases an additional two. The Indian facilities provide software development and call center services for customers. Management believes its facilities are adequate for its current needs and that necessary suitable additional or substitute space will be available as needed at favorable rates.

Item 3. LEGAL PROCEEDINGS

In the normal course of business, the Company is a party to various legal proceedings. The Company does not expect that any currently pending proceedings will have a material adverse effect on its business, results of operations or financial condition.

PART II

Item 4. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

At December 31, 2009 the principal market for the Company s common stock was the NASDAQ Global Capital Market. The Company s common stock trades under the symbol EBIX. As of March 16, 2010, there were 89 holders of record of the Company s common stock. Effective January 29, 2007 the principal market for the Company s common stock was changed to the NASDAQ Global Market.

The following tables set forth the high and low closing bid prices for the Company s common stock for each calendar quarter in 2009 and 2008 and take into account the Company s subsequent three-for-one stock split on January 4, 2010.

Year Ended December 31, 2009	High*	Low*
First quarter	$ 8.57	$ 5.91
Second quarter	11.33	7.71
Third quarter	18.45	10.41
Fourth quarter	21.92	14.89

* **Adjusted to reflect the effect of the 3-for-1 stock split dated January 4, 2010**

Year Ended December 31, 2008	High*	Low*
First quarter	$ 8.61	$ 6.89
Second quarter	10.53	8.28
Third quarter	12.79	8.57
Fourth quarter	10.20	6.34

* **Adjusted to reflect the effect of the 3-for-1 stock split dated January 4, 2010**

Holders

As of March 11, 2010, there were 34,949,450 shares of the Company s common stock outstanding

Dividends

The Company has not paid any cash dividends on its common stock to date. The Company currently anticipates that it will retain any future earnings for the expansion and operation of its business. Accordingly, the Company does not anticipate paying cash dividends on its common stock in the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2009, we maintained the 1996 Stock Incentive Plan as amended and restated in 2006, each of which was approved by our stockholders. We also maintained the 2001 Stock Incentive Plan, which was not approved by our stockholders. As discussed below, our Board of Directors has terminated the 2001 Stock Incentive Plan. The table below provides information as of December 31, 2009 related to these plans.

		Number
Number of		
Securities	&	