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Come Party on This Cloud

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Shares of **Ebix** (Nasdaq: [EBIX](#)) soared 11% yesterday after posting its best quarter in the company's 34-year history.

What's that? You've never heard of Ebix? You're not alone. There are only two major analysts following the provider of web-based enterprise solutions for the insurance industry. Everyone else is simply missing out on the mother of all cloud-computing parties.

Let's go over Ebix's latest results.

Operating revenue soared 44% to \$32.2 million, with net shooting 56% higher to \$14.0 million -- or up 50% to \$0.36 on a fully diluted per-share basis.

Ebix is a serial acquirer, so it's important to emphasize the bottom-line results on a per-share basis. It's where we get to grade the company honestly on its goals to grow organically as it snaps up smaller players that are accretive to earnings.

Cloud computing is sexy. If you can provide a server-based solution that is truly portable and economical, customers will beat a path to your server farm. Wall Street sees that in **salesforce.com** (NYSE: [CRM](#)) -- with the lofty valuation to match. Investors see this in **Rackspace** (NYSE: [RAX](#)), the managed hosting giant that finds its cloud hosting business growing even faster these days.

Rackspace and salesforce.com have earned the market's respect. They closed last night at 57 and 90 times this year's projected earnings, respectively. Even after yesterday's pop, Ebix is fetching just 15 times this year's profit target.

Clearly it's growing a lot faster than that. Ebix is going to smoke out more opportunistic analysts if it keeps posting record results.

Sure, the insurance industry isn't sexy. Recessionary downturns are brutal for annuity sales. The health-care reform bill is going to leave a mark in the health insurance industry. However, how can Mr. Market ignore the growth and head-turning value of Ebix?

SuccessFactors (Nasdaq: [SFSE](#)) is barely profitable, yet it has 17 analysts on its tail. There are 18 analysts hanging on every word out of **NetSuite** (NYSE: [N](#)), and it's not growing as quickly as Ebix.

I'm not trying to disrespect SuccessFactors, NetSuite, Rackspace, or salesforce.com. They serve larger potential markets, so perhaps that explains the lofty valuations and analytical magnetism. However, it's insane that Ebix is doing so well in the market's shadows.

Maybe I should just keep my mouth shut. I've been an investor in Ebix for several months now, and I am confident that I'll be able to beat the market as the rest of Wall Street catches on to this story.

They'll come around. They always do.

Is Ebix a hidden gem or a value trap? Share your thoughts in the comment box below.

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