

██████████ Is Underfollowed And Pretty Cheap

Summary

- The company helps insurance companies to become more agile and it is moving its solutions to the cloud.
- As a result of this movement, headline revenue growth is understated and the company keeps expanding margins.
- It has some significant partners like IBM and significant clients like MetLife.

██████████ is a little solutions provider to the insurance industry, enabling them to become more nimble, based on a new (digital) architecture called Insurance 2.0. (see here for an introduction to that concept).

That is fertile ground as the insurance industry hasn't been at the forefront of embarking on new business and operational models, much of it is still stuck in functional silos.

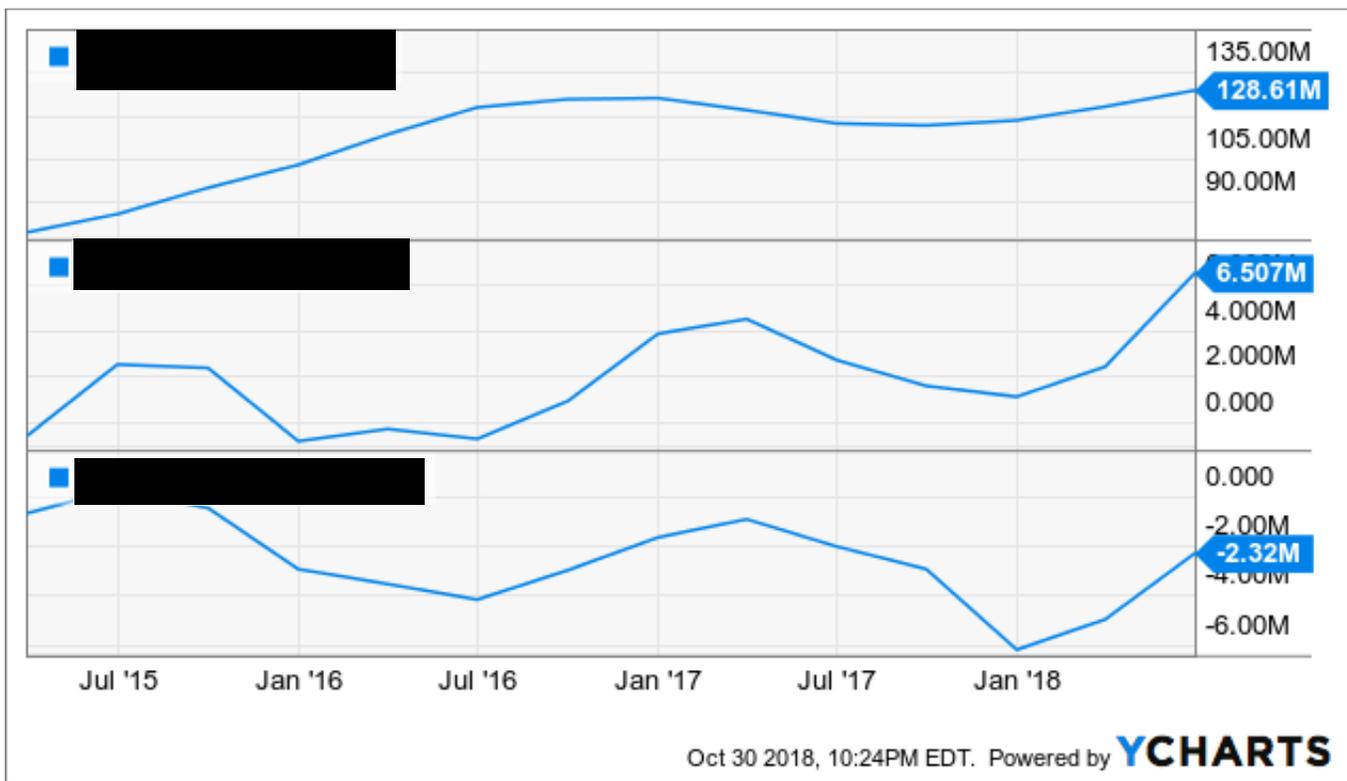
A cloud platform is perhaps the most crucial element of this as it enables insurance companies to orchestrate ecosystems of partners and also enables them to enlist big data and machine learning, which are obviously critical elements in insurance.

The company keeps adding to its basic platform with innovations like:

- Digital 1st Insurance platform (introduced in May)
- A new version of its ██████████ test automation framework (launched in July)

Gartner positioned ██████████ as a leader in its October 2018 Magic Quadrant P&C Core Platform.

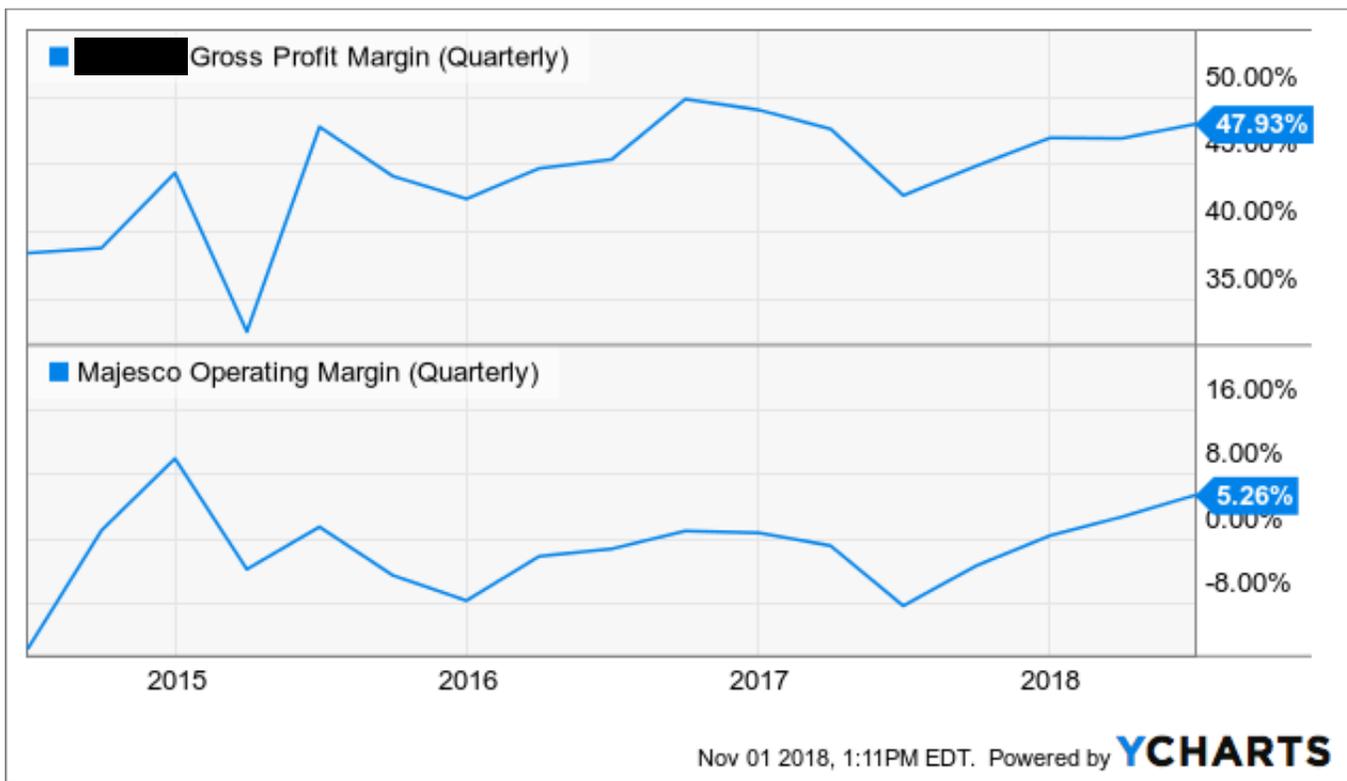
We introduced the company in our previous article. Here we concentrate on the progress to date with the Q2 2019 figures just out. Headline growth doesn't seem particularly impressive (the latest quarter is not in the graph):



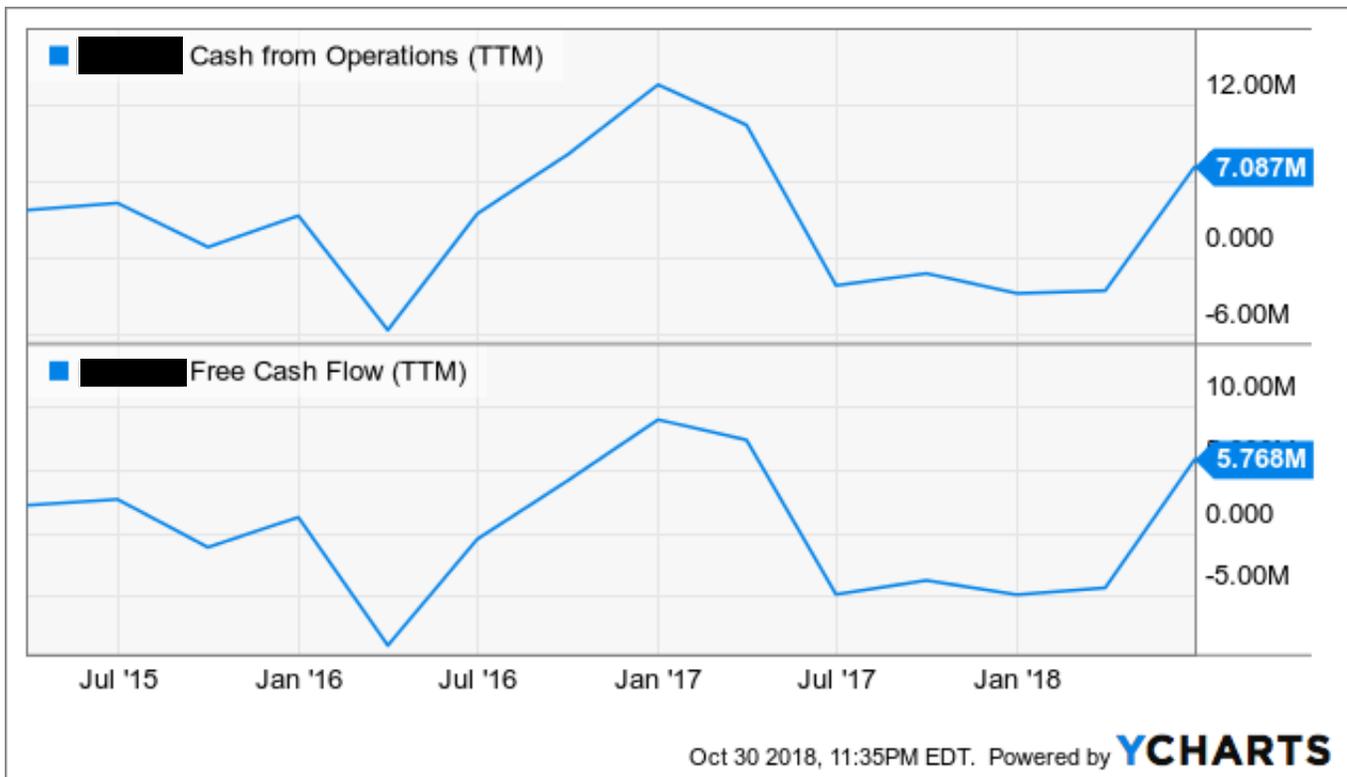
Revenue (TTM) data by YCharts

And operationally, things have only recently improved.

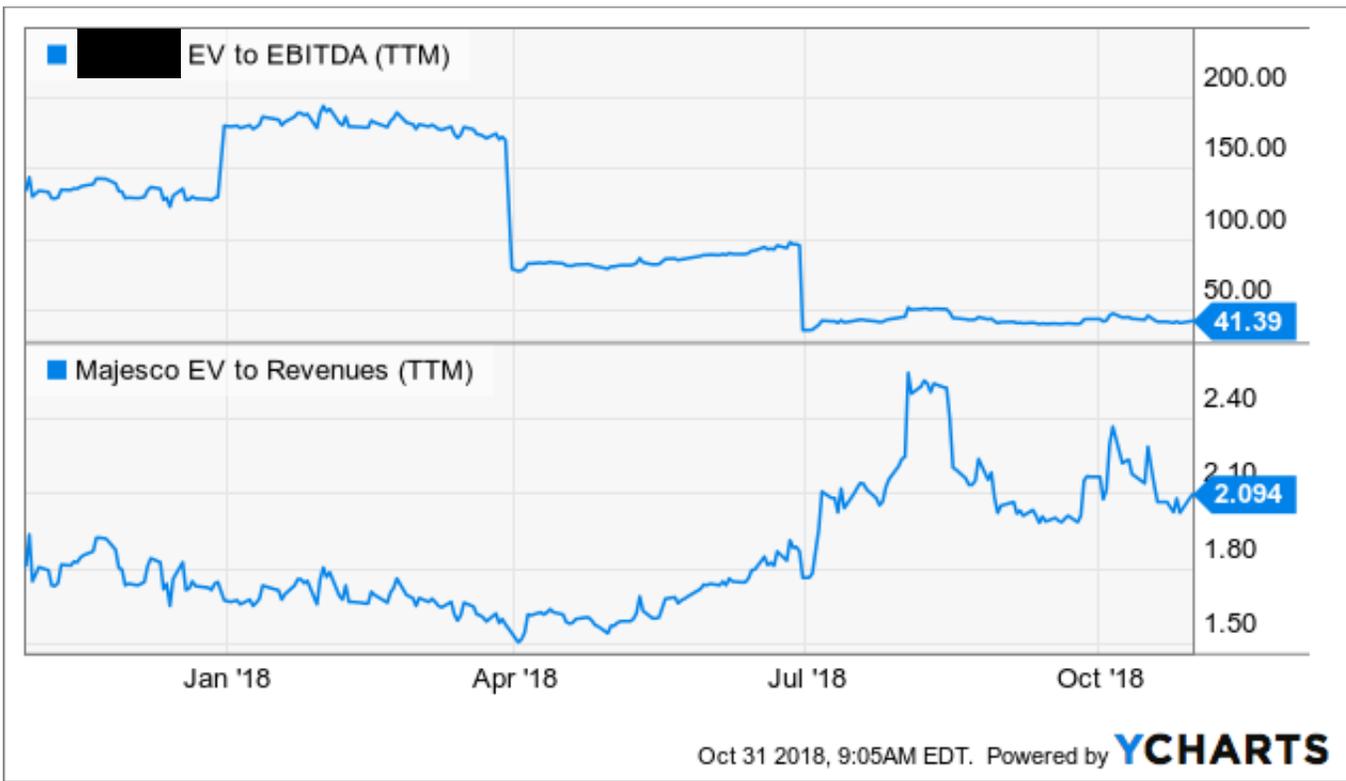
- Revenue in Q2 was \$34.0M, up from \$30.3M a year ago, growing 12.2% y/y.
- Net income was \$2.8M in Q2 (\$0.07 per diluted share) turning around from a net loss of \$0.7M a year ago. The improvement includes a gain on account of the reversal of contingent earnout consideration of \$0.84M which is no longer required.



██████████ Gross Profit Margin (Quarterly) data by YCharts



██████████ Cash from Operations (TTM) data by YCharts



EV to EBITDA (TTM) data by YCharts