

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2000
or

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

For the transition period from _____ to _____

Commission File Number: 0-28132

LANVISION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	31-1455414
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4700 Duke Drive, Suite 170
Mason, Ohio 45040-9374
(Address of principal executive offices) (Zip Code)

(513) 459-5000
(Registrant's telephone number, including area code)

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 No

Number of shares of Registrant's Common Stock (\$.01 par value per share) issued and outstanding, as of May 30, 2000: 8,848,093.

TABLE OF CONTENTS

	Page	
Part I.	FINANCIAL INFORMATION	
Item 1.	Condensed Consolidated Financial Statements.....	3
	Condensed Consolidated Balance Sheets at April 30, 2000 and January 31, 2000.....	3
	Condensed Consolidated Statements of Operations for the three months ended April 30, 2000 and 1999.....	5
	Condensed Consolidated Statements of Cash Flows for the three months ended April 30, 2000 and 1999	6
	Notes to Condensed Consolidated Financial Statements.....	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	8
Part II.	OTHER INFORMATION	
Item 1.	Legal Proceedings.....	17
Item 3.	Defaults on Senior Securities.....	17
Item 4.	Submission of Matters to a Vote of Security Holders.....	17
Item 6.	Exhibits and Reports on Form 8-K.....	18
	Signatures.....	19

PART I. FINANCIAL INFORMATION
 Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LANVISION SYSTEMS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS

Assets

	(Unaudited) April 30, 2000 -----	(Audited) January 31, 2000 -----
Current assets:		
Cash and cash equivalents (restricted by long-term debt agreement)	\$ 8,550,241	\$ 5,411,920
Note receivable	750,000	--
Accounts receivable, net of allowance for doubtful accounts of \$400,000 and \$385,000, respectively	1,385,521	3,936,326
Unbilled receivables	1,264,547	1,138,941
Prepaid expenses related to unrecognized revenue	204,523	177,629
Other	400,207	258,506
	-----	-----
Total current assets	12,555,039	10,923,322
Property and equipment:		
Computer equipment	2,662,400	4,423,753
Computer software	482,037	659,993
Office furniture, fixtures and equipment	1,299,603	1,379,043
Leasehold improvements	98,577	648,230
	-----	-----
	4,542,617	7,111,019
Accumulated depreciation and amortization	(3,527,001)	(4,478,444)
	-----	-----
	1,015,616	2,632,575
Capitalized software development costs, net of accumulated amortization of \$1,175,228 and \$1,100,228, respectively	899,701	869,701
Other	249,443	293,084
	-----	-----
	\$ 14,719,799	\$ 14,718,682
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity

	(Unaudited) April 30, 2000 -----	(Audited) January 31, 2000 -----
Current liabilities:		
Accounts payable	\$ 512,444	\$ 666,647
Accrued compensation	371,668	433,046
Accrued other expenses	2,195,876	2,183,080
Deferred revenues	1,136,049	1,491,404
	-----	-----
Total current liabilities	4,216,037	4,774,177
Long-term debt	6,000,000	6,000,000
Long-term accrued interest	1,575,716	1,331,289
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized	--	--
Stockholders' equity:		
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 8,896,500 shares issued	88,965	88,965
Capital in excess of par value	34,956,117	35,003,931
Treasury stock, at cost, 48,407 and 58,467 shares, respectively	(230,106)	(277,921)
Accumulated (deficit)	(31,886,930)	(32,201,759)
	-----	-----
Total stockholders' equity	2,928,046	2,613,216
	-----	-----
	\$ 14,719,799	\$ 14,718,682
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended April 30,

(Unaudited)

	Three Months Ended	
	2000	1999
	-----	-----
Revenues:		
Systems sales	\$ 271,061	\$ 926,970
Services, maintenance and support	1,339,215	1,290,153
Service bureau operations	202,462	154,925
	-----	-----
Total revenues	1,812,738	2,372,048
Operating expenses:		
Cost of systems sales	171,936	435,464
Cost of services, maintenance and support	928,104	930,045
Cost of service bureau operations	107,839	426,419
Selling, general and administrative	839,508	1,261,239
Product research and development	467,371	546,012
	-----	-----
Total operating expenses	2,514,758	3,599,179
Operating (loss)	(702,020)	(1,227,131)
Other income (expense):		
Interest income	104,712	48,944
Other, net	1,352,718	--
Interest expense	(440,581)	(380,833)
	-----	-----
Income (loss) before provision for income taxes	314,829	(1,559,020)
Provision for income taxes	--	--
	-----	-----
Net income (loss)	\$ 314,829	\$(1,559,020)
	=====	=====
Basic net income (loss) per common share	\$ 0.04	\$ (0.18)
	=====	=====
Diluted net income (loss) per common share	\$ 0.04	\$ (0.18)
	=====	=====
Number of shares used in per common share computations:		
Basic	8,848,093	8,814,520
	=====	=====
Diluted	8,955,187	8,814,520
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended April 30,

(Unaudited)

	2000	1999
	-----	-----
Operating activities:		
Net income (loss)	\$ 314,829	\$(1,559,020)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
(Gain) on sale of fixed assets, net	(1,406,620)	--
Depreciation and amortization	247,727	478,067
Increase in long-term accrued interest	244,427	192,833
Cash provided by (used for) assets and liabilities:		
Accounts and unbilled receivables	2,425,198	225,970
Other current assets	(168,595)	(83,240)
Accounts payable and accrued expenses	(202,784)	(766,785)
Deferred revenues	(355,355)	321,224
Net cash provided by (used for) operating activities	1,098,827	(1,190,951)
	-----	-----
Investing activities:		
Proceeds from disposal of property and equipment	2,000,000	--
Purchases of property and equipment	(49,148)	(38,859)
Capitalization of software development costs	(105,000)	(75,000)
Payment on note receivable	150,000	--
Other	43,642	7,293
Net cash provided by (used for) investing activities	2,039,494	(106,566)
	-----	-----
Increase (decrease) in cash	3,138,321	(1,297,517)
Cash and cash equivalents at beginning of period	5,411,920	5,445,498
Cash and cash equivalents at end of period	\$ 8,550,241	\$ 4,147,981
	=====	=====
Supplemental cash flow disclosures:		
Interest paid	\$ 182,000	\$ 180,000
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 - BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by the Company without audit, in accordance with generally accepted accounting principles for interim financial information, pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the LanVision Systems, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three months ended April 30, 2000, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2001.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is presented beginning on page 20 of its 1999 Annual Report to Stockholders. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report to Stockholders when reviewing interim financial results. There has been no material change in the accounting policies followed by the Company during 2000.

Note 3 - CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The increase in cash and cash equivalents results primarily from the sale of the data center (discussed below) and the collection of accounts receivable subsequent to January 31, 2000.

The note receivable, in the amount of \$750,000, represents the remaining balance of a \$900,000 note received from the buyer of the data center, and is payable \$75,000 per month, plus interest on the unpaid balance, through February, 2001.

The decrease in accounts receivables, net is due to lower revenues in the current quarter compared to the prior quarter ended January 31, 2000 and the collection, during the first quarter, of receivables outstanding at January 31, 2000.

Other current assets consist of software and hardware awaiting installation (related to unrecognized revenue) and prepaid expenses, including commissions. Other current assets increased primarily due to an advance to a vendor.

The decrease in property and equipment, net, is the result of the sale of the Company's data center on February 11, 2000 for \$2,000,000 in cash and a \$900,000 note receivable. The sale generated a gain of approximately \$1,400,000. The Company simultaneously entered into a service provider agreement with the buyer to continue to use the data center on a fee for service basis.

Other non-current assets consist primarily of prepaid long-term debt closing costs, which are amortized to expense over the life of the loan.

The decrease in accounts payable is due to the payment, subsequent to January 31, 2000, of year end purchases.

The decrease in accrued compensation results from a reduction in headcount during the first quarter and the payment of year end bonuses.

Note 4 - STOCK OPTIONS

During the first three months of the current fiscal year, the Company granted 195,000 stock options under the 1996 Employee Stock Option Plan at an exercise price of \$1.50 per share. During the same period 68,500 options were forfeited under all plans.

Note 5 - EARNINGS PER SHARE

The basic net income (loss) per common share is calculated using the weighted average number of common shares outstanding during the period.

The diluted net income (loss) per common share calculation, includes the effect of the common stock equivalents (stock options) in fiscal year 2000, but excludes such common stock equivalents in fiscal 1999, as the inclusion thereof would be antidilutive.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In addition to historical information contained herein, this Discussion and Analysis, as well as other Items in this Form 10-Q, contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, included herein. These risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell LanVision products, the ability of the Company to control costs, availability of products produced from third party vendors, the healthcare regulatory environment, healthcare information systems budgets, availability of healthcare

information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results and other risks detailed from time to time in the LanVision Systems, Inc. filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

RESULTS OF OPERATIONS

GENERAL

LanVision is an e-Health Application Service Provider and leading supplier of Healthcare Information Access Systems specializing in connectivity solutions that utilize the power of the Internet/Intranet to link hospitals, physicians, patients and payers to a robust Electronic Medical Record. The Company's products are complementary to existing clinical and financial systems, and use document imaging and workflow tools to ensure end users can electronically access all the various forms of healthcare information including clinician's handwritten notes, lab reports, photographs, insurance cards, etc. LanVision's e-Health solutions offer value to all of the constituents in the healthcare delivery process by enabling them to simultaneously access information from virtually any location, including the physician's desktop using Web browser technology. Web access to the entire medical record improves physician productivity and reduces administrative costs such as filing, storage, retrieval and upkeep of medical records and clinical costs, such as redundant diagnostic testing. The system enables healthcare providers to access, on a real-time basis, all the various forms of clinical and financial patient information from a single permanent healthcare information repository. The Company's solutions integrate a proprietary document imaging platform, application suites, and image and Web-enabling tools, that allow for the seamless merger of "back office" functionality with existing Clinical Information Systems at the desktop. The Company offers a robust document imaging/management infrastructure (Foundation Suite) that is built for high volume transaction processing and is optimized for the healthcare industry. In addition to providing the clinician access to information not previously available at the desktop, the Company's applications fulfill the administrative and legal needs of the Medical Records and Patient Financial Services departments. Furthermore, these systems have been specifically designed to integrate with any Clinical Information System. For example, the Company has integrated its products with selected systems from Shared Medical Systems Corporation, Cerner Corporation, IDX Systems Corporation, and Oacis Healthcare Holdings Corp. By offering electronic access to all the components of the Medical Record, this integration completes one of the most difficult tasks necessary to provide a true Computer Based Patient Record. The Company's systems deliver on-line enterprisewide access to fully-updated patient information which historically was maintained on a variety of media, including paper, magnetic disk, optical disk, x-ray film, video, audio and microfilm.

Historically, the Company has derived its revenues from system sales involving the licensing of its Electronic Medical Record solution to Integrated Healthcare Delivery Networks ("IDN"). In a typical transaction, the Company enters into a perpetual license or service fee arrangement for the Company's Electronic Medical Record software suite and licenses, sells or offers a service fee arrangement for other third party software and hardware components to the IDN. Additionally, the Company provides professional services, including implementation, training and product support.

With respect to systems sales, the Company earns its highest margins on proprietary LanVision software and the lowest margins on third-party hardware. Systems sales to customers may include different configurations of software and hardware, resulting in varying margins among contracts. The margins on professional services revenues are expected to fluctuate based upon the negotiated terms of the agreement with each customer and the Company's ability to fully utilize its professional services, maintenance and support services staff.

Beginning in 1998, the Company began offering customers the ability to obtain its Electronic Medical Record solution on a service bureau/e-Health basis. The Company's Virtual Healthware Services ("VHS") division established a centralized data center and installed the Company's Electronic Medical Record suite within the data center. Under this arrangement, customers electronically capture information and transmit the data to the centralized data center. The VHS division stores and manages the data using LanVision's Electronic Medical Record suite, and customers can view, print or fax the information from anywhere using the LanVision Web-based applications.

VHS charges and recognizes revenue for these e-Health services on a per transaction or subscription basis as information is captured, stored, and retrieved.

In February, 2000, the Company sold its centralized data center for \$2,900,000. Simultaneous therewith, the Company entered into a service agreement with the buyer. Under the terms of this service agreement, in exchange for processing fees, the Company will continue to use the data center to provide outsourcing services to LanVision's current and future customers. Although LanVision sold the data center assets, the Company does intend to continue to market its e-Health solutions. The Company will provide these solutions by continuing to use the data center and by using other data center service providers.

The decision by a healthcare provider to replace, substantially modify or upgrade its information systems is a strategic decision and often involves a large capital commitment requiring an extended approval process. Since inception, the Company has experienced extended sales cycles, which has adversely affected revenues. It is common for sales cycles to take six to eighteen months from initial contact to the execution of an agreement. As a result, the sales cycles can cause significant variations in quarter to quarter operating results. These agreements cover the entire implementation of the system and specify the implementation schedule, which typically takes place in one or more phases. The agreements generally provide for the licensing of the Company's proprietary software and third-party software with a one-time perpetual license fee that is adjusted depending on the number of workstations using the software. Third-party hardware is usually sold outright, with a one-time fee charged for installation and training. Site-specific customization, interfaces with existing customer systems and other consulting services are sold on a fixed fee or a time and

materials basis. Alternatively, with the Company's e-Health services, the agreements generally provide for utilizing the Company's software and third party software on a fee per transaction or subscription basis.

Generally, revenue from systems sales is recognized when an agreement is signed and products are shipped. Revenue recognition related to routine installation, integration and project management is deferred until the work is performed. If an agreement requires the Company to perform services and modifications that are deemed significant to system acceptance, revenue is recorded either on the percentage-of-completion method or revenue related to the delivered hardware and software components is deferred until such obligations are deemed insignificant, depending on the contractual terms. Revenues from consulting, training and services are recognized as the services are performed. Revenues from short-term support and maintenance agreements are recognized ratably over the term of the agreements. Billings to customers recorded prior to the recognition of the revenue are classified as deferred revenues. Revenue recognized prior to progress billings to customers is recorded as unbilled receivables.

The Company's VHS e-Health/Application Service Provider division was designed to overcome obstacles in the buying decision such as large capital commitment, length of implementation, and the scarcity of time for Healthcare Information Systems personnel to implement new systems. Customers pay for such services on a transaction basis, and the centralized data center application is operated and maintained by LanVision personnel and/or its agents. In 1999, VHS signed a four-year contract with The Health Alliance of Greater Cincinnati, a group of five hospitals in the Greater Cincinnati Area, to provide outsourced data center operations of its LanVision Electronic Medical Record System. Management believes more IDN's will begin to look for this type of e-Health application. Additionally, the Company believes its business model is especially well suited for the ambulatory marketplace. LanVision is actively pursuing remarketing agreements with Healthcare Information Systems providers to distribute the Company's e-Health solutions.

In 1998, the Company entered into a Remarketing Agreement with Shared Medical Systems Corporation ("SMS"). Under the terms of the agreement, SMS was granted an exclusive worldwide license to distribute ChartVision(R), On-Line Chart Completion(TM), WebView(TM) and Enterprisewide Correspondence(TM) to the SMS customer base and prospect base, as defined in the agreement, and a non-exclusive license to distribute all other LanVision products. If SMS distributes any other Electronic Medical Record product competing with LanVision's products, the Company may terminate the SMS Remarketing Agreement.

Under the terms of the agreement, SMS remits royalties to LanVision based upon SMS sublicensing the Company's software to SMS's customers. Twenty-five percent of the royalty is due 30 days following the end of the quarter in which SMS executes the end user license agreement with its customer. LanVision recognizes this revenue upon receipt of the royalty statement. The remaining 75% of the royalty is due upon SMS's shipment of software to the end user. LanVision records this revenue when the 75% payment due from SMS is fixed and determinable, which is generally when the software is shipped to the end user. Through April 31, 2000, SMS has sold nine systems to end-users.

UNEVEN PATTERNS OF QUARTERLY OPERATING RESULTS

The Company's revenues from systems sales have varied, and may continue to vary, significantly from quarter to quarter as a result of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter to quarter as a result of the timing of the installation of software and hardware, project management and customized programming. Revenues from maintenance services do not fluctuate significantly from quarter to quarter, but have been increasing as the number of customers' increase. Revenues from the VHS service bureau operations are expected to increase over time, as more hospitals outsource services to VHS, its existing customer increases the volume of documents stored on the systems, and the number of retrievals increase.

The Company's revenues and operating results may vary significantly from quarter to quarter as a result of a number of other factors, many of which are outside the Company's control. These factors include the relatively high purchase price of a system, unpredictability in the number and timing of systems sales, length of the sales cycle, delays in the installation process and changes in the customer's financial condition or budget. As a result, period to period comparisons may not be meaningful with respect to the past operations of the Company nor are they necessarily indicative of the future operations of the Company.

REVENUES

Revenues for the first fiscal quarter ended April 30, 2000, were \$1,812,738, compared with \$2,372,048 reported in the comparable quarter of 1999. Revenues for the first quarter of fiscal 2000 continued to be affected because many healthcare organizations deferred new software purchases until all of their existing systems were Year 2000 compliant.

Additionally, healthcare institutions are assessing and implementing many new technologies. Although many of these systems do not compete with the LanVision products, these systems do compete for capital budget dollars and the available time of information systems personnel within the healthcare industries. Also, the Remarketing Agreement with Shared Medical Systems Corporation continues to develop more slowly than expected. However, management continues to believe that revenue from this Remarketing Agreement will increase and represent a greater percentage of the Company's total revenues in the future.

After an agreement is executed, LanVision does not record revenues until it delivers the hardware and software or performs the agreed upon services. The commencement of revenue recognition varies depending on the size and complexity of the system and the scheduling of the implementation, training, interface development and other services requested by the customer. Accordingly, significant variations in revenues can result as more fully discussed under "Uneven Patterns of Quarterly Operating Results." Three customers accounted for approximately 39% of the revenues for the first quarter of 2000 compared with 36% of revenues in the comparable period of the prior year.

OPERATING EXPENSES

Cost of Systems Sales

The cost of systems sales includes amortization of capitalized software development costs on a straight-line basis, royalties and the cost of third-party software and hardware. Cost of systems sales as a percentage of systems sales may vary from period to period depending on the mix of hardware and software of the systems or add-on sales delivered. The cost of systems sales as a percentage of systems sales for the first quarter of fiscal 2000 and 1999 were 63% and 47%, respectively. The higher cost reflects the lower mix of LanVision software with higher margins relative to the hardware and third party software components with lower margins and higher costs.

Cost of Services, Maintenance and Support

The cost of services, maintenance and support includes compensation and benefits for support and professional services personnel and the cost of third-party maintenance contracts. As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 69% and 72% for the first quarter of fiscal 2000 and 1999, respectively. The improvement in the cost of sales is due to reduced operating expenses and more effective utilization of the professional services and support staffs. The Company's support margins are highest on LanVision's proprietary software. Accordingly, margins are expected to improve as more customers are added.

The LanVision Professional Services staff provides services on a time and material or fixed fee basis. The Professional Services staff has, in the past, experienced some inefficiencies in the delivery of services, and certain projects have taken longer to complete than originally estimated, thus adversely affecting operating performance. Additionally, the Professional Services staff does spend a portion of its time on non-billable activities, such as selling additional products and services to existing clients, developing training courses and plans to move existing customers to LanVision's new product releases, etc. Management believes an increase in the number of new systems sold and the related backlog should improve the overall efficiency and operating performance of this group.

Cost of Service Bureau Operations

The cost of service bureau operations was significantly reduced with the sale of the data center. (See Note 3 of the Notes to Condensed Consolidated Financial Statements, above.) The Company now incurs expenses only for the outsourcing services it uses which are directly related to the Service Bureau Revenues generated by the VHS division.

Selling, General and Administrative

Selling, General and Administrative expenses consist primarily of: compensation and related benefits and reimbursable travel and living expenses related to the Company's sales, marketing

and administrative personnel; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses; and general corporate expenses, including occupancy costs. During the first quarter of fiscal 2000, Selling, General and Administrative expenses decreased to \$839,508 compared with \$1,261,239 in the comparable prior quarter. The reductions in Selling, General and Administrative expenses is due to decreased staffing levels and reduced expenses in other areas. The Company has gradually reduced its direct sales staff as the Company focuses its sales efforts on indirect distribution through its current and future Remarketing Partners. However, the Company may increase its direct sales force in the foreseeable future as market opportunities arise.

Product Research and Development

Product research and development expenses consist primarily of: compensation and related benefits; the use of independent contractors for specific development projects; and an allocated portion of general overhead costs, including occupancy. During the first quarter of fiscal 2000, research and development expenses were \$467,371 compared with \$546,012 in the comparable prior quarter as a result of a reduction of staff and use of outside contractors, and an increase in capitalized software for new products under development. The Company is in the process of increasing its Research and Development staff to accelerate the development of new products. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, \$105,000 and \$75,000 of product research and development costs in the first quarter of fiscal 2000 and 1999, respectively.

Interest income consists primarily of interest on invested cash. The increase in interest income results from increased cash balances and higher interest rates.

Interest expense relates to the long-term debt.

Operating loss

The operating loss for the first quarter of fiscal 2000 was \$702,020 compared with an operating loss of \$1,227,131 in the first quarter of fiscal 1999. The decrease in the operating loss results primarily from: (1) continued stringent cost controls, and (2) the sale of the data center and the reduction in the associated expenses related thereto which approximated \$318,000.

Other income, net

Other income, net of \$1,352,718 relates to the disposal of fixed assets, primarily the data center. (See Note 3 of the Notes to Consolidated Condensed Financial Statements, above.)

Net income (loss)

The net income for the first quarter of fiscal 2000 was \$314,829 (\$0.04 per share) compared with a net loss of \$1,559,020 (\$.018 per share) in the first quarter of fiscal 1999. Excluding the gain on the sale of the data center, the net loss for the current quarter would have been \$1,037,889, a decrease of \$521,131 from the comparable loss in the first quarter of fiscal 1999. This reduction

results primarily from: (1) the continued stringent cost controls in all areas, and (2) the sale of the data center which resulted in an approximately \$318,000 reduction in expenses related to the data center operations.

Notwithstanding the less than anticipated number of new customer agreements signed in the past, management continues to believe that the healthcare document imaging and workflow market is going to be a significant market. Management believes it has made the investments in the talent and technology necessary to establish the Company as a leader in this marketplace, and continues to believe the Company is well positioned to experience significant revenue growth primarily through third party distributors and remarketing partners.

Since commencing operations in 1989, the Company has incurred operating losses. Although the Company achieved profitability in fiscal years 1992 and 1993, the Company incurred a net loss in fiscal years 1994 through 1999. In view of the Company's prior operating history, there can be no assurance that the Company will be able to achieve consistent profitability on a quarterly or annual basis or that it will be able to sustain or increase its revenue growth in future periods. Based upon the expenses associated with current and planned staffing levels, profitability is dependent upon increasing revenues.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception in 1989, the Company has funded its operations, working capital needs and capital expenditures primarily from a combination of cash generated by operations, a 1994 private placement of convertible redeemable preferred stock, an initial public offering and borrowings, including a \$6,000,000 loan in 1998.

The Company's customers typically have been well-established hospitals or medical facilities with good credit histories, and payments have been received within normal time frames for the industry. However, some healthcare organizations have experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities. Agreements with customers often involve significant amounts and contract terms typically require customers to make progress payments.

The Company has no significant obligations for capital resources, other than noncancelable operating leases in the total amount of approximately \$455,000, net of a sublease, payable over the next three years.

Over the last several years, the Company's revenues have been less than the Company's internal plans. However, during the same period, the Company has expended significant amounts for capital expenditures, product research and development, sales, support and consulting expenses. This resulted in significant net cash outlays over the last four years. Although the Company has reduced staffing levels and related expenses, and improved operating performance, the Company's expenses continue to exceed its revenues. Accordingly, to achieve profitability, and positive cash flow, it is necessary for the Company to increase revenues or continue to reduce expenses. Management believes that the general release of enhanced products has significantly

strengthened the product lines. Additionally, the SMS Remarketing Agreement has significantly expanded the sales distribution capabilities, and management believes that market opportunities are such that the Company should be able to increase its revenues. However, there can be no assurance the Company will be able to increase its revenues.

At April 30, 2000, the Company had cash and cash equivalents of \$8,550,241. Cash equivalents consist primarily of overnight bank repurchase agreements and short-term commercial paper. Under the terms of its loan agreement, as amended, the Company has agreed to maintain a minimum cash and investment balance of \$4,500,000, which increases by \$75,000 per month, which is equal to the Note Receivable payment, until February, 2001, at which time the minimum balance must be \$5,300,000.

Management has significantly reduced operating expenses, and believes the Company can improve operating results in fiscal 2000. However, based upon current expenditure levels and in the absence of increased revenues, the Company would continue to operate at a loss. Accordingly, for the foreseeable future, management will need to continually assess its revenue prospects compared to its current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to further reduce operating expenses or raise cash through additional borrowings, the sale of assets, or other equity financing. Certain of these actions will require lender approval. However, there can be no assurance the Company will be successful in any of these efforts. If it is necessary to significantly reduce operating expenses, this could have an adverse affect on future operating performance.

To date, inflation has not had a material impact on the Company's revenues or expenses. Additionally, the Company does not have any significant market risk exposure at April 30, 2000.

SIGNED AGREEMENTS - BACKLOG

LanVision enters into master agreements with its customers to specify the scope of the system to be installed and services to be provided by LanVision, the agreed upon aggregate price and the timetable for implementation. The master agreement typically provides that the Company will deliver the system in phases pursuant to the customer's purchase orders, thereby allowing the customer flexibility in the timing of its receipt of systems and to make adjustments that may arise based upon changes in technology or changes in customer needs. The master agreement also allows the customer to request additional components as the installation progresses, which additions are then separately negotiated as to price and terms. Historically, customers have ultimately purchased systems and services in addition to those originally contemplated by the master agreement, although there can be no assurance that this trend will continue in the future.

At April 30, 2000, the Company's customers (excluding customers of the Virtual Healthcare Services division) had entered into master agreements for systems and services (excluding support and maintenance) which had not yet been delivered, installed and accepted which, if fully performed, would generate sales of approximately \$5,686,000, compared with approximately \$4,551,000 at the end of fiscal 1999. The systems and services are currently expected to be delivered over the next two to three years. In addition, the Company anticipates approximately

\$2,900,000 in transaction-based fee revenues for the Virtual Healthware Services division's client over the remaining forty-one month life of the contract. Because implementation and service bureau fees are dependent upon the customer's schedule and usage, the Company is unable to predict accurately the amount of revenues in future periods.

The Company's master agreements also generally provide for an initial maintenance period and give the customer the right to subscribe for maintenance and support services on a monthly, quarterly or annual basis. Maintenance and support revenues for fiscal years 1999 and 1998 and 1997 were approximately \$3,264,000, \$2,755,000 and \$2,151,000, respectively and are expected to increase as new or expanded systems are installed.

The commencement of revenue recognition varies depending on the size and complexity of the system, the implementation schedule requested by the customer and usage by customers of the VHS service bureau operations. Therefore, LanVision is unable to accurately predict the revenue it expects to achieve in any particular period. The Company's master agreements generally provide that the customer may terminate its agreement upon a material breach by the Company, or may delay certain aspects of the installation. There can be no assurance that a customer will not cancel all or any portion of master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company's business, financial condition and results of operations.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is not currently engaged in any material adverse litigation.

Item 3. DEFAULTS ON SENIOR SECURITIES

The Company is not in default under its existing Loan Agreement

Item 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on May 24, 2000, the following members were elected to the Board of Directors:

	Votes For -----	Votes Withheld -----
J. Brian Patsy	8,564,764	72,029
Eric S. Lombardo	8,565,464	71,329
Z. David Patterson	8,585,264	51,529
George E. Castrucci	8,585,244	51,549

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 10.1 Lease for office space between Creek Road Warehouse Complex, LLC and LanVision, Inc., dated May 4, 2000
- 10.2 Asset Purchase Agreement Between LanVision, Inc. and Smart Professional Photocopy Corporation
- 11 Computation of Earnings (Loss) Per Common Share
- 27 Financial Data Schedule

(b) Reports on Form 8-K

On February 11, 2000, the Company filed a Form 8-K, reporting under Item 2 the sale of its Mason, Ohio Data Center for \$2.9 million.

On February 14, 2000, the Company filed a Form 8-K, reporting under Item 5, the signing of a Settlement Agreement with a customer.

On February 15, 2000, the Company filed a Form 8-K, reporting under Item 5, Unaudited Condensed Consolidated Pro-forma Balance Sheet as of January 31, 2000, to evidence compliance with certain Nasdaq Listing Qualification Panel requirements for continued listing on The Nasdaq SmallCap Market.

On February 22, 2000, the Company filed a Form 8-K, reporting under Item 5, that Nasdaq had confirmed that the Company had evidenced compliance with the requirements necessary for continued listing on The Nasdaq SmallCap Market.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LANVISION SYSTEMS, INC.

DATE: May 30, 2000

By: /s/ J. BRIAN PATSY

J. Brian Patsy
Chief Executive Officer and
President

DATE: May 30, 2000

By: /s/ PAUL W. BRIDGE, JR.

Paul W. Bridge, Jr.
Acting Chief Financial Officer and
Acting Treasurer

INDEX TO EXHIBITS

Exhibit No. -----	Exhibit	
10.1	Lease for office space between Creek Road Warehouse Complex, LLC and LanVision, Inc., dated May 4, 2000.	
10.2	Asset Purchase Agreement Between LanVision, Inc. and Smart Professional Photocopy Corporation	##
11	Computation of Earnings (Loss) Per Common Share	
27	Financial Data Schedule	

Previously filed with the Commission as Exhibit 10 of the Registrant's Form 8-K dated February 22, 2000, as filed with the Commission on February 22, 2000.

Exhibit 10.1
LANVISION SYSTEMS, INC.

LEASE FOR OFFICE SPACE BETWEEN CREEK ROAD WAREHOUSE COMPLEX, LLC AND LANVISION,
INC., DATED MAY 4, 2000

LEASE

This Lease, executed as of this 4th. day of May, 2000, by and between Creek Road Warehouse Complex, LLC (hereinafter referred to as "Lessor"), and Lan Vision, Inc., a(n) Ohio corporation, (hereinafter referred to as "Lessee").

W I T N E S S E T H :

I. DEMISE AND TERM. Lessor, for and in consideration of the rents herein reserved and the covenants and agreements herein contained and expressed on the part of Lessee to be kept, performed and fulfilled, hereby demises and lets unto Lessee, and Lessee hereby leases from Lessor the premises (hereinafter sometimes referred to as the demised premises) consisting of approximately 15,000 square feet of space in the building known as 5481 Creek Road, Cincinnati, Ohio 45242 and more particularly shown on the drawing attached hereto as Exhibit A and made a part hereof.

To have and to hold the demised premises, together with all privileges, rights and easements thereunto appertaining and belonging unto Lessee, for and during the term of three (3) years commencing upon February 1, 2000 (the commencement date), and ending January 31, 2003 unless sooner terminated as herein provided, subject to the rents, terms and conditions herein contained.

II. RENTAL.

A. Lessee shall pay Lessor as Base Rent for the demised premises, without prior notice or demand, monthly rental as follows:

LEASE PERIOD	MONTHLY RENT	TOTAL PERIOD RENT
February 1, 2000 - April 30, 2000	\$9,375.00	\$28,125.00
May 1, 2000 - April 30, 2001	9,662.50	115,950.00
May 1, 2001 - April 30, 2002	9,900.25	118,803.00
May 1, 2002 - January 31, 2003	10,250.00	92,250.00

Such Base Rent shall be payable in advance, on the first day of each and every month during said term. Base Rent shall be due on the first (1st) day of the calendar month and late after the fifth (5th).

B. If Lessee shall fail to pay any installment of Base Rent within five (5) days after the date the same becomes due and payable, then Lessee shall also pay to Lessor a late payment service charge of ten percent (10%) of the total overdue, in addition to and not in limitation of, any other remedy or right of Lessor herein.

III. UTILITIES. Lessee shall pay or cause to be paid all charges, costs and/or taxes for water, sewage, stormwater, gas, heat, electricity, light, telephone service, trash disposal or any other similar communication or utility services of any kind or nature used in or rendered to the demised premises or any part thereof whether separately metered or billed by Lessor. Such utility bills invoiced by Lessor are due and payable within thirty (30) days of the billing date and subject to the late fee stated in Section II. B. of this Lease.

IV. MAINTENANCE, JANITORIAL, REPAIR, SURRENDER OF PREMISES, ALTERATIONS. Except as specifically stated elsewhere in this Lease, Lessee shall, at Lessee's sole cost and expense at all times, keep the interior of the demised premises and every part thereof in good order, condition and repair, non-structural, including without limitation, all equipment and facilities serving the demised premises, such as mechanical, electrical, lighting, plumbing, heating, ventilating and air conditioning, fire monitoring and sprinkler systems, security monitoring and security systems, fixtures, walls, ceilings, floors, windows, doors (interior and exterior), plate glass, docks, dock doors, levelers and related equipment, skylights, and all improvements of any kind and nature, in good and substantial condition and repair, and in clean and sanitary condition, and that it will indemnify and save harmless Lessor from and against all liens, claims or damages by reason of any repairs or improvements which may be made by Lessee thereon. Lessee shall not cause or permit any Hazardous Materials (defined below) to be spilled or released in, on, under or about the demised premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or acquired, for clean-up of any contamination of, and for the maintenance, security and/or monitoring of the demised premises, the elements surrounding same, or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Materials brought onto the demised premises by or for Lessee or under its control.

Lessee will make any changes to the demised premises required by any law, ordinance, judgment, decree or any official action by any governmental or quasi-governmental agency or authority under any police, health, safety, environmental, fire or other regulation, provided that said changes are the direct result of Lessee's particular use of the premises. Any required changes that relate to the general use of the building at 5481 Creek Road, Cincinnati, Ohio shall be made by Lessor.

Lessee, in keeping the demised premises in good order, condition and repair, shall exercise and perform good maintenance practices. Lessee's obligations shall include restoration, replacement or renewals where necessary to keep the interior of the demised premises and all improvements thereon or any part thereof in good order, condition and state of repair. Lessee shall not be responsible for restoration, replacement, or renewals where the need for such restoration, replacement, or renewals is due to reasonable and ordinary wear and tear.

Lessor agrees to obtain a service contract on the HVAC system with a firm which is reasonably satisfactory to Lessor. Such contract shall provide for at least quarterly inspections, and with written reports to Lessor and Lessee.

Lessor shall also be responsible for the maintenance of outside security lights. The fixtures will be the responsibility of Lessor.

Lessor shall be responsible for all exterior improvements and maintenance, of the demised premises, including the roof and structural parts, and the care and maintenance of the parking areas and grounds, except as provided for elsewhere in this Lease. Lessee shall give reasonable advance notice to Lessor of required repairs to the roof, structure, parking areas, or grounds.

Lessee further covenants and agrees that at the end of the term, it will deliver up the demised premises broom-clean, free of debris and in as good order and condition as they are at commencement hereof or may be put to thereafter, reasonable use and reasonable and ordinary wear and tear excepted. All of the obligations of Lessee shall include the repair of any damage occasioned by the installation, maintenance or removal of Lessee's trade fixtures, furnishings, equipment, as well as the removal of any materials that are left by Lessee.

Lessee shall be responsible for all interior janitorial service respecting the demised premises.

Lessee covenants and agrees that it will neither do nor permit to be done any act or thing on the demised premises or elsewhere which will invalidate any insurance on the demised premises or increase the premiums for insurance thereon if said invalidation or increase is the result of Lessee's change of use of the demised premises.

Lessee may, at its own cost and expense, from time to time during the term of this Lease, make such alterations, additions and changes, structural and otherwise, in and to the demised premises as it finds necessary or convenient for its purposes; provided, however: (i) that Lessee shall indemnify and save harmless Lessor from all expenses, liens, claims of damages to any person or property arising out of or resulting from the undertaking or making of such alterations, additions and/or changes; (ii) that such alterations, additions and/or changes shall increase the value of the demised premises, and in no manner adversely affect the use thereof, or the rights of Lessor, such adverse affect to be determined in Lessor's sole opinion; and (iii) that written consent shall be first obtained from Lessor before undertaking the same, which consent shall not be unreasonably withheld. Such consent may, at the option of Lessor, be either on the basis that Lessee shall restore the demised premises to substantially their original condition at the termination of this Lease, or that no restoration will be required. All trade fixtures, trade apparatus, trade machinery and trade equipment placed on the demised premises at the expense of Lessee shall remain the property of Lessee, and may be removed by Lessee at any time prior to and upon termination of this Lease. Copies of all plans and specifications, including as-built plans, shall be provided to Lessor by Lessee.

V. REAL ESTATE TAXES AND ASSESSMENTS. Lessor shall be responsible for the payment of all real estate taxes and assessments regarding the Demised Premises.

VI. FIRE AND CASUALTY.

A. In the event of partial damage to or destruction of the Premises during the term hereof, which does not render the Premises untenable by Lessee, Lessor at its sole cost and expense will, within a reasonable time, restore, repair, replace, rebuild or alter the same to their condition immediately prior to such damage or destruction or as near thereto as is reasonably possible. Lessor will be entitled to apply the proceeds of Lessor's insurance coverage to the cost of such restoration and repair.

B. If such damage or destruction is total or renders the Premises untenable by Lessee and if it does not appear to be feasible, in Lessor's determination for Lessor to complete such restoration, repair and replacement work within "a reasonable period" after the date of such damage or destruction, then Lessor will have the right to terminate this Lease by delivery of written notice thereof to Lessee within thirty (30) days after the date of such damage or destruction.

C. If Lessor plans to restore, repair, and replace the Premises to their condition immediately prior to such damage or destruction, or as near thereto as is reasonably possible, within the reasonable period provided for above, Lessor will deliver its statement to that effect to Lessee within thirty (30) days after the date of such damage or destruction. Upon receipt of said statement, in the event that Lessee determines that, in its opinion, the period for restoration, repair and replacement work is not reasonable, Lessee has the right to terminate this Lease by delivery of written notice thereof to Lessor within fifteen (15) days of receipt by Lessee of said statement from Lessor.

D. Lessor's obligation to restore the Premises is limited in every instance to the insurance proceeds actually paid to it for such purpose as a result of damage or casualty to the Premises. However, Lessor shall restore the Premises to a condition similar to that condition in which the Premises were in prior to the damage or destruction.

E. During any time that any portion of the Premises are untenable, in whole or in part, the rent provided for herein will abate, in proportion to the extent the Premises have become untenable, from the date the Premises become untenable. However, if such damage resulted from or was contributed to by the act, fault or neglect of Lessee, Lessee's employees, invitees or agents, there will be no abatement of rent.

F. In case of the initial destruction of the Building by fire or otherwise, or so much thereof that Lessor desires to raze the Building (whether or not the Premises be affected), the rent will be paid up to the time of destruction, and then and from thenceforth this Lease will terminate.

VII. INSURANCE.

A. Lessor shall insure the building and keep it insured during the term against loss or damage by fire or other casualty normally covered by extended coverage endorsements.

B. Lessee shall at all times maintain at its expense the following insurance in respect to the demised premises:

1. General public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the demised premises and the adjoining streets, sidewalks and passageways, with limits of not less than Two Million Dollars (\$2,000,000.00) with respect to bodily injury or death to any one person, not less than Two Million Dollars (\$2,000,000.00) with respect to any one accident, and not less than One Million Dollars (\$1,000,000.00) with respect to property damage.

2. Workers' compensation insurance or comparable insurance under applicable laws covering all persons employed in connection with any work done on or about the premises for which claims for death or bodily injury could be asserted against Lessor, Lessee or the premises.

3. Such other insurance upon or in respect of the demised premises or the operation thereof, in such amounts and against such other insurance hazards as lessor may from time to time reasonably require.

C. All insurance to be provided by Lessee pursuant to this Lease shall be written by companies acceptable to Lessor, and all such insurance shall name as the insured parties Lessor, Lessee, and any property manager for Lessor, and Lessor's mortgagee (as their respective interests may appear).

D. Insurance claims by reason of damage to or destruction of any portion of the demised premises shall be payable to Lessor and/or Lessor's mortgagee, or an insurance trustee, if so required by Lessor and/or Lessor's mortgagee.

E. Every policy required by this Lease shall contain an agreement by the insurer that it will not cancel or modify such policy, except after thirty (30) days' prior written notice to Lessor and/or Lessor's mortgagee, and that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of the insured, and notwithstanding: (i) the occupation or use of the demised premises for purposes more hazardous than permitted by the terms of such policy; (ii) any foreclosure or other action or proceeding taken by any mortgagee or notice of sale relating to the premises; or (iii) any change in title to or ownership of the demised premises.

F. Lessee shall deliver to Lessor simultaneously with the execution and delivery of this Lease, certificates of the insurers satisfactory to Lessor and Lessor's mortgagee, evidencing all the insurance which is required to be maintained by Lessee hereunder, and Lessee shall maintain such insurance continuously throughout the term hereof. Lessee shall, as soon as practicable, but in all events within thirty (30) days of the renewal date of any such insurance, deliver additional certificates of the insurers satisfactory to Lessor, evidencing the renewal of such insurance. Should Lessee fail to effect, maintain or renew any insurance provided for in

this section or to pay the premium therefor, or to deliver to Lessor any of such certificates as required herein, then and in any of said events Lessor, at its option, but without obligation so to do, may procure such insurance, and any sums expended by it to procure such insurance shall be additional rent hereunder, and shall be repaid by Lessee within fifteen (15) business days following the date on which such expenditure shall be made by Lessor.

G. Lessee agrees to carry adequate fire and extended coverage on all of Lessee's personal property located in the demised premises, including leasehold improvements, inventory, trade fixtures and other property installed or placed on the demised premises by Lessee.

H. WAIVER OF SUBROGATION. Lessor and Lessee do hereby waive all rights of recovery and causes of action which either have or may have or which may arise hereafter against the other, whether caused by negligence or otherwise, for any damage to the Premises or any property or business of Lessor or Lessee caused by any of the perils covered by public liability, fire and extended coverage, building and contents, and business interruption insurance or for which either party may be reimbursed as a result of insurance coverage affecting any loss suffered by it; provided, however, that the foregoing waiver will apply only to the extent of any recovery made by the parties hereto under any policy of insurance now or hereafter issued and further provided that the foregoing waivers do not invalidate any policy of insurance of the parties hereto now or hereafter issued, it being stipulated by the parties that the foregoing waiver will not apply in any such case in which the application thereof would result in the invalidation of any such policy of insurance. In the event any additional premium will be charged for such waiver provision the party benefitted by such waiver will pay the cost of such endorsement.

VIII. INDEMNITY AND RIGHT OF ENTRY. Lessee will indemnify and hold harmless Lessor from all claims, demands and damages for injuries to persons or property arising from or in any manner connected with the occupancy or use of the demised premises by Lessee, and from any and all other claims, demands, liens, damages, fines or penalties of whatever name, nature of kind, in any way or manner chargeable to, or payable for, or in respect of the use or occupancy of the demised premises by Lessee, or from any act or omission of Lessee, its servants, its agents, representatives, Lessees, guests, invitees, licensees or any other person, firm or corporation in, about or adjacent to the demised premises. Lessee will pay all costs, expenses and attorneys' fees incurred by or imposed on Lessor in prosecution or defense of any suit, action or proceeding predicated upon an alleged breach of undertaking by Lessee under the terms of this Lease or for or on account of which Lessee has covenanted to indemnify Lessor under the terms of this Lease or would be bound by law to so indemnify Lessor.

Lessee covenants and agrees that Lessor, or Lessor's agents or representatives, shall have the right, during normal business hours, to enter upon the demised premises for the purpose of examining the same and to observe the compliance or noncompliance by Lessee with the terms of this Lease, and for the purpose of exhibiting the same to prospective lessees during the last six (6) months of this Lease or as otherwise agreed between the parties. Lessee agrees to permit Lessor or Lessor's agents or representatives to enter into and upon the demised premises at any time in case of emergency.

IX. PROVISION FOR NOTICE. All notices to be given under this Lease shall be in writing and shall be served by registered or certified mail with return receipt requested, postage prepaid or by a nationally recognized overnight delivery service, or personally by hand delivering the notice to the recipient, as follows:

To Lessor: Creek Road Warehouse Complex, LLC
c/o Green Realty Corp.
9900 Carver Road, Suite 202
Cincinnati, Ohio 45242

To Lessee: Lan Vision, Inc.
5481 Creek Road
Cincinnati, Ohio 45242
Attn: Comptroller

or to such other person at such other address designated by written notice sent to the Lessor.

Service of any such notice by mail shall be deemed to have been given at the delivery time shown on the return receipt or at the time of refusal shown on such notice or the day after delivery to the overnight delivery service or at the time of hand delivery.

X. TITLE AND CONDITION; HAZARDOUS MATERIALS.

A. The demised premises are leased subject to: (i) the existing state of the title thereof as of the commencement of the term of this Lease; (ii) any state of facts which an accurate survey or physical inspection thereof might show; and (iii) all zoning regulations and other laws and regulations now in effect or hereafter adopted by any governmental authority having jurisdiction. Except as specifically set out herein, the land, buildings, structures and other improvements comprising a part of the demised premises are leased subject to their condition as of the commencement of the term of this Lease and without representation or warranty of any kind by Lessor, including, without limitation, any representation or warranty with respect to environmental matters.

B. HAZARDOUS MATERIALS. To the best of its actual knowledge, Lessor has at all times, including the present, complied with all federal, state and local environmental laws, rules and regulations applicable to its operations. Except as disclosed to lessee, no hazardous substance, contaminant, solid waste or material, toxic substance, petroleum product, distillate or residue, or pollutant (as those or similar terms are defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 USC Sections 6901 et seq., or any other applicable federal, state and local environmental law, statute, ordinance, order, judgment, rule or regulation relating to the environment or the protection of human health ("Environmental Laws") (collectively, "Hazardous Materials"), have been released, emitted or discharged by Lessor.

XI. ASSIGNMENT OR SALE. Lessee may not assign this Lease, nor sublet the demised premises or any portion thereof, without first obtaining the prior written consent of Lessor, not to be unreasonably withheld. Any consent by Lessor to an assignment or subletting shall not in any manner be construed to relieve Lessee or any assignee or sublessee from obtaining the consent in writing of Lessor to any further assignment or subletting, and in all events, Lessee shall remain primarily liable for the payment of Base Rent herein reserved and for the performance of all of the other terms of this Lease required to be performed by Lessee.

Lessor may assign this lease or any partial interest herein, any may also sell, convey and mortgage the demised premises, subject to the term of this Lease.

XII. QUIET ENJOYMENT. Lessor covenants and agrees that, subject to any mortgages now of record or hereafter placed of record, it is the owner of the demised premises and Lessee, if the covenants of this Lease to be paid and performed by Lessee are paid and performed, shall have peaceable possession and quiet enjoyment of the demised premises throughout the term of this Lease without any hindrance or molestation by Lessor, or any person claiming lawfully under Lessor.

XIII. DEFAULT.

A. The occurrence of any one or more of the following events shall be a default and breach of this Lease by Lessee:

1. Lessee shall fail to pay any monthly installment of Base Rent within five (5) days after the same shall be due and payable.

2. Lessee shall fail to perform or observe any term, condition, covenant or obligation, other than the payment of Base Rent, required to be performed or observed by it under this Lease for a period of thirty (30) days after notice thereof from Lessor; or such longer period, if the term, condition, covenant or obligation to be performed within such thirty (30) day period cannot, due to its nature, be performed within such thirty (30) day period and Lessee commences or perform within such thirty (30) day period, and thereafter diligently undertakes to complete the same.

3. A trustee or receiver shall be appointed to take possession of substantially all of Lessee's assets in, on or about the demised premises or of Lessee's interest in this Lease (and Lessee does not regain possession within sixty (60) days after such appointment); Lessee makes an assignment for the benefit of creditors; or substantially all of Lessee's assets in, on or about the demised premises or Lessee's interest in this Lease are attached or levied upon under execution (and Lessee does not discharge the same within sixty (60) days thereafter).

4. A petition in bankruptcy, insolvency, or for reorganization or arrangement is filed by or against Lessee, pursuant to any federal or state statute (and, with respect to any such petition filed against it, lessee fails to secure a stay or discharge thereof within sixty (60) days after the filing of the same).

B. Upon the occurrence of any event of default, as set forth above, Lessor shall have the following rights and remedies, in addition to those allowed by law or equity, and one or more of which may be exercised after ten (10) days notice to Lessee:

1. Lessor may apply the security deposit and/or re-enter the demised premises and cure any default of Lessee, in which event Lessee shall reimburse Lessor as additional rent for any cost and expenses which Lessor may incur to cure such default.

2. Lessor may terminate this Lease as of the date of such default, in which event: (i) neither Lessee, nor any person claiming under or through Lessee, shall thereafter be entitled to possession of the premises, and Lessee shall immediately thereafter surrender the premises to Lessor; (ii) Lessor may re-enter the premises and dispossess Lessee or any other occupants of the premises by force, summary proceedings, ejectment or otherwise, and may remove their effects, without prejudice to any other remedy which Lessor may have for possession or arrearages in Base Rent; and (iii) notwithstanding the termination of this Lease: (a) Lessor may declare all Base Rent which would have been due under this Lease for the balance of the term to be immediately due and payable whereupon Lessee shall be obligated to pay the same to Lessor, together with all loss or damage which Lessor may sustain by reason of such termination and re-entry; or (b) Lessor may re-let all or any part of the demised premises for a term different from that which would otherwise have constituted the balance of the term of this Lease, and for rent and on terms and conditions different from those contained herein, whereupon Lessee shall be obligated to pay to Lessor as liquidated damages the difference between the rent provided for herein and that provided for any Lease covering a subsequent re-letting of the premises, for a period which would otherwise have constituted the balance of the term of this Lease, together with all of Lessor's costs and expenses for preparing the premises for re-letting, including all repairs, Lessee finish improvements, brokers' and attorneys' fees, and all loss or damage which lessor may sustain by reason of such termination, re-entry and re-letting, it being expressly understood and agreed that the liabilities and remedies specified in clauses A and B above shall survive the termination of this Lease.

3. Lessor may sue for injunctive relief, or to recover damages for any loss resulting from the breach.

XIV. WAIVER. It is further mutually covenanted and agreed between the parties hereto that no waiver of any covenant, agreement, stipulation or condition of this Lease shall be construed to be a waiver of any succeeding breach of the same covenant, agreement, stipulation or condition; that the payment by Lessee, or the receipt by Lessor, of rent with knowledge of the breach by the other party of any covenant hereof shall not be deemed a waiver of such breach; and further, that all covenants, stipulations, conditions, and agreements herein contained shall run with the land, and bind and inure to the benefit of, as the case may require, the heirs, executors, administrators, successors and assigns of the parties hereto and to grantees of Lessor, as fully as if such words were written whenever reference to Lessor and Lessee occur in this Lease, except that no assignment by lessee in violation of the provisions of this Lease, shall vest any right in the assignee.

XV. MORTGAGES. Lessor shall have the right to transfer, assign, mortgage and convey in whole or in part, the demised premises, and any and all rights of Lessor under this Lease, and nothing herein shall be construed as a restriction upon Lessor so doing. This Lease shall be subject and subordinate to any mortgage or other financing arrangement and to any renewal modification, consolidation, replacement and extension thereof now or thereafter placed upon or affecting the demised premises, or any part hereof, provided that so long as Lessee is not in default of any of the terms and conditions hereof, Lessee's rights, privileges and possession hereunder shall not be disturbed. Although no instrument or act on the part of Lessee shall be necessary to effectuate such subordination, Lessee will, upon request, execute and deliver such further instruments subordinating this Lease to the lien of any such mortgages or other financing arrangements as may be desired by the mortgagee or other lender. Lessee hereby appoints Lessor its attorney-in-fact, irrevocably, to execute and deliver any such instrument for Lessee, should Lessee fail to execute and deliver same within five (5) days of any request therefor. In the event of any sale or exchange of the demised premises by Lessor and assignment by Lessor hereof, Lessor shall be and is hereby entirely free and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease occurring after the consummation of such sale or exchange and assignment.

XVI. CONDEMNATION.

A. If, during the term of this Lease, all of the demised premises, or such a substantial part of the premises so as to render the remaining as the same may be restored, unusable for the purposes for which the premises were leased, shall be taken by appropriation for public, or quasi-public use, under the right of eminent domain, then all of the proceeds of such appropriation shall be paid to Lessor, and Lessee shall have no claim to any part thereof, except as set out below, and this Lease shall be canceled as of the date of such taking, provided, however, Lessee may claim such damages it suffered with respect to its trade fixtures, personal property and its improvements to the real property from the condemning authority.

B. If, during the term of this Lease, a part but not all of the demised premises shall be taken by appropriation for public, or quasi-public use, under the right of eminent domain and this Lease shall not terminate or be terminated under the provisions of subparagraph XVI. A. hereof, then this Lease shall not be canceled, and shall apply to that part of the demised premises not so taken. In such event, all of the proceeds shall be paid to Lessor, and Lessee shall not be entitled to any part thereof (except for a reasonable amount for the depreciated value of its improvements), but the rental for the remaining term and the Required Purchase Price, as defined below, shall be equitably adjusted.

XVII. LIENS. Lessor shall have a first and best lien, paramount to all others upon every right and interest of Lessee to and in the demised premises and to and in this Lease, and in and to all improvements which become part of the real estate constituting the premises, as security for the payment of the entire amount of Base Rent payable under this Lease, and for the payment of the entire amount of Base Rent payable under this Lease, and for the payment of all monies payable under any obligation or engagement of Lessee contained in this Lease, and as security for the performance and observance of all and singular the covenants, agreements, conditions and obligations of this Lease to be performed and observed by Lessee.

XVIII. COMPLIANCE WITH LAWS, INSURANCE POLICIES, ETC.; USE. Further, Lessee, at its expense, shall cause the demised premises to comply with all federal, state, county, municipal and other governmental laws, statutes, rules, orders, regulations and ordinances applicable to the demised premises, or any part thereof or the use thereof, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may hereafter be enacted, involve a change of policy, only to the extent that such compliance is the direct result of Lessee's particular use of the premises. Any compliance that is necessary due to the general use of the building at 5481 Creek Road, Cincinnati, Ohio shall be the responsibility of Lessor. Lessee shall obtain and pay for all permits and appraisals required for Lessee's occupancy of the demised premises, and shall promptly take all substantial and non-substantial actions necessary to comply with all statutes, ordinances, rules, regulations, orders and requirements regulating by Lessee's particular use of the demised premises, including, without limitation, the Occupational Safety and Health Act. Lessor shall promptly take all actions necessary for said compliance if such actions are necessary due to the general use of the building at 5481 Creek Road, Cincinnati, Ohio. All materials used or kept on or about the demised premises shall be self-contained in governmentally approved containers which shall not be opened, disturbed or stored on the demised premises. Lessee shall not mix, process or handle hazardous contents on the demised premises. Lessee shall comply with all Environmental Laws and laws pertaining to the control of Hazardous Materials, and shall indemnify and hold Lessor and Lessor's lender(s) harmless from any and all loss, claims, damage or cost, including attorneys' fees arising out of or resulting from its failure to do so, civil and criminal penalties, natural resource damages, and diminution in value of the demised premises, or arising out of the presence of hazardous waste, bio-hazardous waste, asbestos, petrochemicals, toxic substances or the presence of other environmentally detrimental matter. Without limiting the foregoing, Lessee shall acquire all applicable permits required for the demised premises regarding stormwater discharges or run-off, including any National Pollutant Discharges elimination system permits, and shall comply with all applicable requirements, including monitoring requirements. Lessor, at its option, may elect to acquire permits, perform any and all stormwater discharge elimination plans and monitoring as required by any governmental authority, and Lessee agrees to reimburse Lessor for same. Lessee will not permit nor place any fuel storage tanks or pumps on the demised premises, and shall keep the demised premises free of environmental hazards of any kind or nature. Lessee shall only use the demised premises as follows: offices.

XIX. ARTICLE HEADINGS. The article headings in this Lease are inserted only as a matter of convenience for reference and in no way define, limit or describe the scope or intent of this Lease or affect this Lease.

XX. MEMORANDUM OF LEASE. In the event either Lessor or Lessee determine to record this Lease, a short form memorandum of Lease shall be recorded in lieu of the original Lease. Such short form memorandum shall be executed by both parties, but shall not in any way vary or revoke the terms of this Lease.

XXI. ESTOPPEL CERTIFICATE. Lessee shall from time to time, upon not less than ten (10) days prior written request by Lessor, execute, acknowledge and deliver to Lessor an estoppel certificate, certifying that this Lease is in full force and effect; the dates to which rents have been

paid; and whether Lessor is in default, and if so, specifying the nature of the default; and that the Lease is in full force and effect, as modified, and listing instruments of modification. It is intended that such estoppel certificate may be relied on by a prospective purchaser of Lessor's interest, or mortgagee or assignee of any mortgage upon the demised premises.

XXII. SECURITY DEPOSIT. Lessee has already deposited with Lessor the sum of Six Thousand Two Hundred Fifty Dollars (\$6,250.00), the receipt of which is hereby acknowledged, as security for the payment by Lessee of the Base Rent or other charges to be paid and for the faithful performance by Lessee of all of the terms, conditions and covenants of this Lease. If at any time during the term of this Lease, Lessee shall be in default in the performance of any provisions of this Lease, Lessor shall have the right to use the security deposit, or so much thereof as is necessary, in payment of rental or other charges in default, reimbursement of any expenses incurred by Lessor, and in payment of any damages incurred by Lessor by reason of Lessee's default. If any portion of said deposit is so used or applied, Lessee shall, within ten (10) days after written demand therefore from Lessor, remit to Lessor a sufficient amount out restore the security deposit to its original amount. If claims of Lessor exceed the security deposit, Lessee shall remain liable for the balance of such claims.

In the event the security deposit has not been utilized as aforesaid, the security deposit, or so much thereof as has not been utilized for such purposes, shall be refunded to Lessee, without interest, upon full performance of all of the terms of this Lease by Lessee.

Lessor shall have the right to commingle the security deposit with other funds of Lessor. Lessor shall have the right to deliver the security deposit to any successor in interest to Lessor's interest in the demised premises. Thereupon, Lessor shall be discharged from further liability with respect to such security deposit.

Lessee may not assign its right to the security deposit in whole or in part.

XXIII. NO COUNTERCLAIM, ABATEMENT, ETC. There shall be no abatement, deduction or offset whatsoever with regard to any amounts due from the Lessee to the Lessor under this Lease.

XXIV. LIMITATION OF LESSOR'S PERSONAL LIABILITY. Lessee specifically agrees to look solely to Lessor's interest in the Real Property and the Building for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor any of its partners shall ever be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not, limit any right that might otherwise have to obtain injunctive relief against Lessor or Lessor's successors in interest, or any other action not involving the personal liability of Lessor.

XXV. HOLDING OVER. In the event of holding over by Lessee after expiration or termination of this Lease, Lessee shall pay double the Base Rent (calculated on the basis of Base Rent with respect to the month immediately preceding the month in which expiration or termination occurs) for the entire holdover period. No holding over by Lessee after the term of this Lease shall be construed to extend the term of this Lease. In the event of any unauthorized holding over, Lessee shall also indemnify Lessor against all claims for damages by any other Lessee to whom Lessor may have leased all or any part of the demised premises covered hereby effective upon the

termination of this Lease. Any holding over with the consent of Lessor in writing shall thereafter constitute this Lease a lease from month to month.

XXVI. LESSEE'S RIGHT OF TERMINATION. At any time after January 31, 2001, Lessee may give Lessor one hundred twenty (120) days notice to terminate this Lease. At the end of said one hundred twenty (120) day period, said Lease shall be terminated provided that Lessee pays to Lessor, in a lump sum, an early termination penalty of one half of the rent for the remaining months of this Lease. Notwithstanding the foregoing, in the event that upon the termination of this Lease, Lessee leases new space in property owned by Green Realty Corporation, the termination penalty will be waived.

XXVII. MISCELLANEOUS.

A. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

B. This Lease shall be construed and interpreted under the laws of the State of Ohio.

C. Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications as Lessor deems necessary and desirable, and to cause the recordation of plats and restrictions, so long as such easements, rights, dedications and restrictions do not unreasonably interfere with the use of the demised premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor.

D. PARKING. Lessee shall be entitled to the use of 40 parking space on site as identified as on the attached Exhibit B incorporated herein.

E. Lessor represents that Lessor owns the real estate in which the demised premises are located, and has the authority to provide quiet enjoyment of the demised premises, subject to liens, encumbrances and other matters of record.

F. EXHIBITS. Exhibits hereto are:

Exhibit A: Description of Premises

Exhibit B: Parking

G. AMENDMENT. This Lease may not be amended, altered, or changed except by an instrument in writing signed by both parties hereto.

H. ENTIRE AGREEMENT. This Lease contains the entire agreement between the parties hereto and all previous negotiations leading thereto. Lessee acknowledges and agrees that

Lessee has not relied upon any representations or any prior written or oral promises, warranties or agreements except such as are provided herein. The headings of this Lease are for purposes of reference only and shall not limit or define the meaning hereof. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument.

IN WITNESS WHEREOF, Lessor and Lessee have hereunto set their hands the day and year first above written.

WITNESSES:

Signed and acknowledged in the presence of:

/s/ Angela M. Woodward

Printed Name: Angela Woodward

/s/ Ed Brill

Printed Name: Ed Brill

Signed and acknowledged in the presence of:

/s/ Marie Prickett

Printed Name: Marie Prickett

/s/ Donald E. Vick, Jr.

Printed Name: Donald E. Vick, Jr.

LESSOR:

Creek Road Warehouse Complex, LLC

By: /s/ Andrew J. Green

Its: Member

LESSEE:

LanVision, Inc.

By: /s/ Eric Lombardo

Its: Exec VP

EXHIBIT A
DESCRIPTION OF PREMISES

EXHIBIT B
PARKING

COMPUTATION OF EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended April 30,	
	2000	1999
	-----	-----
Net income (loss)	\$ 314,829	\$(1,559,020)
	=====	=====
Average shares outstanding used in basic per common share computation	8,848,093	8,814,520
Stock options:		
Total options	263,537	--
Assumed treasury stock buyback	(156,443)	--
Warrants assumed converted	--	--
Convertible redeemable preferred stock assumed converted	--	--
	-----	-----
Number of shares used in diluted per common share computation	8,955,187	8,814,520
	=====	=====
Basic net income (loss) per share of common stock	\$ 0.04	\$ (0.18)
	=====	=====
Diluted net income (loss) per share of common stock	\$ 0.04	\$ (0.18)
	=====	=====

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED APRIL 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1
US DOLLARS

3-MOS	
	JAN-31-2001
	FEB-01-2000
	APR-30-2000
	1
	8,550,241
	0
	3,050,068
	(400,000)
	0
	12,555,039
	4,542,617
	(3,527,001)
	14,719,799
4,216,037	6,000,000
0	0
	88,965
14,719,799	2,839,081
	1,812,738
1,812,738	1,207,879
	2,514,758
	0
	0
440,581	314,829
	0
314,829	0
	0
	0
	0
	314,829
	.04
	.04