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**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 October 31, 2010**

**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**

**STREAMLINE HEALTH SOLUTIONS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

31-1455414  
(I.R.S. Employer  
Identification No.)

10200 Alliance Road, Suite 200  
Cincinnati, Ohio 45242-4716  
(Address of principal executive offices) (Zip Code)

(513) 794-7100  
(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

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

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

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company

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

Number of shares of Registrant's Common Stock (\$.01 par value per share) issued and outstanding, as of December 9, 2010: 9,796,517.

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## PART I. FINANCIAL INFORMATION

## Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## Assets

	(Unaudited) October 31, 2010	(Audited) January 31, 2010
<b>Current assets:</b>		
Cash and cash equivalents	\$ 665,472	\$ 1,025,173
Accounts receivable, net of allowance for doubtful accounts of \$100,000	2,408,822	1,922,279
Contract receivables	705,472	1,182,308
Prepaid hardware and third party software for future delivery	204,263	149,281
Prepaid other, including prepaid customer maintenance contracts	1,121,857	1,363,332
Deferred income taxes	224,000	224,000
Total current assets	5,329,886	5,866,373
<b>Property and equipment:</b>		
Computer equipment	3,162,406	2,987,039
Computer software	1,979,869	1,816,397
Office furniture, fixtures and equipment	747,867	747,867
Leasehold improvements	639,864	574,257
	6,530,006	6,125,560
Accumulated depreciation and amortization	(4,951,522)	(4,344,432)
	1,578,484	1,781,128
Contract receivables, less current portion	243,635	146,093
Capitalized software development costs, net of accumulated amortization of \$12,312,492 and \$10,411,828, respectively	8,090,628	8,049,292
Other, including deferred income taxes of \$1,651,000	1,674,876	1,681,661
	<u>\$ 16,917,509</u>	<u>\$ 17,524,547</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

## Liabilities and Stockholders' Equity

	(Unaudited) October 31, 2010	(Audited) January 31, 2010
<b>Current liabilities:</b>		
Accounts payable	\$ 382,823	\$ 887,928
Accrued compensation	650,027	559,235
Accrued other expenses	485,862	476,504
Line of credit, current	2,400,000	—
Current portion of capital lease obligation	209,060	249,309
Current portion of deferred revenues	4,530,436	4,956,303
Total current liabilities	<u>8,658,208</u>	<u>7,129,279</u>
Line of credit, non-current	—	900,000
Deferred revenues, less current portion	109,498	602,239
Capital lease obligation, less current portion	24,217	161,666
Accrued other expenses, non-current	7,763	—
Total liabilities	<u>8,799,686</u>	<u>8,793,184</u>
<b>Stockholders' equity:</b>		
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized, no shares issued	—	—
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 9,767,284 and 9,436,824 shares issued, respectively	97,673	94,368
Additional paid in capital	36,706,649	36,160,126
Accumulated other comprehensive income	—	5,620
Accumulated deficit	<u>(28,686,499)</u>	<u>(27,528,751)</u>
Total stockholders' equity	<u>8,117,823</u>	<u>8,731,363</u>
	<u>\$ 16,917,509</u>	<u>\$ 17,524,547</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONSThree and Nine Months Ended October 31,  
(Unaudited)

	Three Months		Nine Months	
	2010	2009	2010	2009
<b>Revenues:</b>				
Systems sales	\$ 579,332	\$ 169,801	\$ 1,690,650	\$ 957,384
Services, maintenance and support	2,989,610	3,006,002	8,364,120	8,522,975
Application-hosting services	901,934	930,242	2,636,599	2,445,978
Total revenues	4,470,876	4,106,045	12,691,369	11,926,337
<b>Operating expenses:</b>				
Cost of systems sales	737,385	658,294	2,255,780	2,091,989
Cost of services, maintenance and support	1,347,055	1,317,619	4,108,043	3,697,735
Cost of application-hosting services	480,327	407,953	1,409,453	1,203,606
Selling, general and administrative	1,361,657	1,540,745	4,565,097	4,010,877
Product research and development	400,133	466,455	1,437,451	1,196,645
Total operating expenses	4,326,557	4,391,066	13,775,824	12,200,852
Operating profit (loss)	144,319	(285,021)	(1,084,455)	(274,515)
<b>Other income (expense):</b>				
Interest expense	(31,585)	(12,137)	(87,921)	(30,254)
Other income (expense)	(13,158)	1,387	29,628	20,390
Earnings (loss) before taxes	99,576	(295,771)	(1,142,748)	(284,379)
Income taxes	(5,000)	—	(15,000)	(13,000)
Net earnings (loss)	\$ 94,576	\$ (295,771)	\$ (1,157,748)	\$ (297,379)
Basic net earnings (loss) per common share	\$ 0.01	\$ (0.03)	\$ (0.12)	\$ (0.03)
Diluted net earnings (loss) per common share	\$ 0.01	\$ (0.03)	\$ (0.12)	\$ (0.03)
<b>Number of shares used in per common share computations:</b>				
Basic	9,536,051	9,423,211	9,486,233	9,385,969
Diluted	9,544,183	9,423,211	9,486,233	9,385,969

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWSNine Months Ended October 31,  
(Unaudited)

	2010	2009
Operating activities:		
Net loss	\$ (1,157,748)	\$ (297,379)
Adjustments to reconcile net earnings (loss) to net cash (used in) provided by operating activities:		
Loss on disposal of fixed assets	—	4,308
Long-term lease incentive	—	(48,842)
Depreciation and amortization	2,550,778	2,039,232
Share-based compensation	414,486	204,259
Changes in assets and liabilities:		
Accounts and contract receivables	(107,249)	1,704
Other current assets	180,874	4,950
Accounts payable and accrued expenses	(405,364)	(231,355)
Deferred revenues	(918,608)	(1,859,963)
Net cash provided by (used in) operating activities	<u>557,169</u>	<u>(183,086)</u>
Investing activities:		
Purchases of property and equipment	(447,470)	(464,395)
Capitalization of software development costs	(1,942,000)	(2,879,000)
Other	6,785	24,805
Net cash used in investing activities	<u>(2,382,685)</u>	<u>(3,318,590)</u>
Financing activities:		
Proceeds from stock purchase plan and exercise of stock options	135,341	65,900
Proceeds from municipal incentive agreement	8,172	—
Net change in bank line of credit	1,500,000	1,100,000
Payments on capital lease	(177,698)	—
Net cash provided by financing activities	<u>1,465,815</u>	<u>1,165,900</u>
Decrease in cash and cash equivalents	(359,701)	(2,335,776)
Cash and cash equivalents at beginning of period	1,025,173	3,128,801
Cash and cash equivalents at end of period	<u>\$ 665,472</u>	<u>\$ 793,025</u>
Supplemental cash flow disclosures:		
Interest paid	<u>\$ 87,639</u>	<u>\$ 24,899</u>
Income taxes paid	<u>\$ 54,741</u>	<u>\$ 10,584</u>

See Notes to Condensed Consolidated Financial Statements.

**STREAMLINE HEALTH SOLUTIONS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

**NOTE A — BASIS OF PRESENTATION**

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Streamline Health Solutions, Inc. (“Streamline Health® or the Company”), pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U. S. Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. 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 most recent Streamline Health Solutions, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three and nine months ended October 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2011.

**NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company’s significant accounting policies is presented beginning on page 45 of its fiscal year 2010 Annual Report on Form 10-K. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report when reviewing interim financial results.

*Useful Lives of Capitalized Software Development Costs*

In the fourth quarter of fiscal 2009 the Company made its fifth generation software, accessANYware 5.0, generally available. In the first quarter of fiscal 2010, subsequent to the release, the Company completed a review by product of the estimated useful lives of its capitalized software development costs. After reviewing strategic plans, analyzing the historical useful life of the software products, forecasting product life cycles and demand expectations, the Company assigned a five year estimated useful life for costs capitalized for accessANYware 5.x products, and revised the estimated useful lives of certain other products from three years to five years.

The product life cycle for accessANYware versions prior to 5.x, have lasted longer than five years. Historical product and customer data shows that many customers remain on the same primary version for five years or more after purchase, or product support and development continue for five years or more. The Company expects the accessANYware 5.x products to also have a five year or longer product life cycle based on this historical data, and the estimated product development lifecycle. In addition, the useful life of the unamortized balance of development costs for prior accessANYware versions should also reflect an approximate five year life from their documented general release dates. The Company intends to actively sell and support these products for a minimum five years while 5.x products are being rolled out. This same policy will be applied to FolderView as it is generally a primary add-on component to prior accessANYware versions, and has had a similar historical life cycle. FolderView will be embedded into version 5.1. Upon Company review of the revenue projections, the estimated life cycle of accessANYware 5.x products, and the remaining life cycle for prior accessANYware and FolderView releases, a five year estimated life is reasonable and proper.



The Company accounted for the change in useful life as a change in accounting estimate which is accounted for on a prospective basis effective February 1, 2010. For the three and nine months ended October 31, 2010 the change resulted in a reduction of amortization expense of approximately \$251,000 and \$753,000, respectively; an increase in income from continuing operations and net income of \$251,000 and \$753,000, respectively; and an increase in basic and diluted earnings (loss) per share of \$0.03 and \$0.08, respectively. Amortization expense for capitalized software development costs is included in cost of system sales in the consolidated statement of operations.

**NOTE C — EQUITY AWARDS**

Compensation expense is recognized over the requisite service period for awards of equity instruments to employees based on the grant-date fair value of those awards expected to ultimately vest (with limited exceptions). Forfeitures are estimated on the date of the grant and revised if actual or expected forfeiture activity differs materially from original estimates.

During the nine months ended October 31, 2010, the Company granted 139,916 options with a weighted average exercise price of \$1.98 per share. During the same period 80,400 options expired with an average exercise price of \$2.03 per share and 92,000 options were exercised under all plans at an average exercise price of \$1.05 per share.

The fair value of each option grant during the quarter ended October 31, 2010 was estimated at the date of the grants using a Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate of 2.50%, a dividend yield of zero percent; and a current weighted average volatility factor of the expected market price of Streamline Health's Common Stock of 0.541 in 2010. The weighted average expected life of stock options is five years and have a forfeiture rate of zero.

During the first nine months of the current fiscal year, the Company granted 208,541 restricted stock shares with a weighted average fair value of \$1.94 per share. These shares are subject to the 2005 Incentive Compensation Plan as amended, and are granted to certain independent members of the Board of Directors and employees. The shares have an approximate one-year restriction period. During the same period 25,422 restricted shares had their restriction period lapse; these shares had a weighted average fair value of \$2.95 per share. In addition, 3,347 shares were forfeited prior to the lapse of the restriction period; these shares had a weighted average fair value of \$2.00 per share.

**NOTE D — EARNINGS PER SHARE**

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

The fiscal 2010 and 2009 diluted net earnings (loss) per common share calculation, excludes the effect of some common stock equivalents, as the inclusion thereof would be anti-dilutive. The following table details the share amounts, as of the end of the third quarter:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2010	2009	2010	2009
Stock options (1)	593,398	642,882	605,398	642,882
Restricted stock (2)	217,048	25,422	217,048	25,422
Total anti-dilutive shares excluded	810,446	668,304	822,446	668,304

- (1) Option shares with prices ranging from \$1.46 to \$6.03 and \$0.53 to \$6.03 were outstanding for the three months ended October 31, 2010 and October 31, 2009, respectively. Option shares with prices ranging from \$0.53 to \$6.03 and \$0.53 to \$6.03 were outstanding for the nine months ended October 31, 2010 and October 31, 2009, respectively.
- (2) Performance based restricted stock awards, for which all necessary conditions of such contingently issuable shares have not been satisfied; Share prices ranging from \$1.85 to \$2.48 and \$2.48 to \$2.95 were outstanding for the three and months ended October 31, 2010 and October 31, 2009, respectively.

**NOTE E — CONTRACTUAL OBLIGATIONS**

The following table details the remaining obligations, by fiscal year, as of the end of the quarter:

	Line of Credit	Operating Leases	Capital Lease	Fiscal Year Totals
2010	\$ —	117,000	—	\$ 117,000
2011	2,400,000	396,000	250,000	3,046,000
2012	—	334,000	—	334,000
2013	—	320,000	—	320,000
2014	—	329,000	—	329,000
Thereafter	—	164,000	—	164,000
Total	\$ 2,400,000	1,660,000	250,000	\$ 4,310,000

On June 21, 2010, the Company entered into a Second Amendment to Lease Agreement with Alliance Street, LLC for the Company's principal executive offices. The term of the lease has been extended for a five year term expiring October 31, 2015.

On June 16, 2010 the Company entered into a minimum five year economic development incentive agreement with the City of Blue Ash, Ohio. This incentive agreement allows the Company to draw up to \$130,000 for critical business functions. The terms of the agreement allow for any balance drawn to be forgiven by the City of Blue Ash upon meeting certain employment criteria. The Company has received \$8,000 in reimbursements for capital expenditures as of October 31, 2010.

**NOTE F — DEBT**

On October 21, 2009, the Company entered into an amended and restated revolving note with Fifth Third Bank, Cincinnati, OH. The terms of the loan remain the same as set forth in the revolving note entered into on October 31, 2008, as amended on January 6, 2009, except as follows: (i) the maximum principal amount that can be borrowed was increased to \$2,750,000 from the prior maximum amount of \$2,000,000; (ii) the maturity date of the loan was extended to October 1, 2011 from August 1, 2010; and (iii) the interest rate on the outstanding principal balance will accrue at an annual floating rate of interest equal to the Adjusted Libor Rate (as defined in the revolving note) plus 3.25%. The interest rate on the note was 3.625% at October 31, 2010.

In connection with the entering into of the revised revolving note, the Company also entered into an amended and restated continuing guaranty agreement. The terms of the continuing guaranty agreement remain the same as set forth in the guaranty agreement entered into on October 31, 2008, as amended on January 6, 2009, except that the covenant that formerly required the Company to maintain certain levels of minimum tangible net worth has been eliminated.

The note also continues to be secured by a first lien on all of the assets of the Company pursuant to security agreements entered into by the Company.

The Company was in compliance with all of the covenants at October 31, 2010. The Company pays a commitment fee on the unused portion of the facility of 0.06%. The Company had outstanding borrowings of \$2,400,000 under this revolving loan as of October 31, 2010.

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

In addition to historical information contained herein, this Report on Form 10-Q contains forward-looking statements relating to the Company’s plans, strategies, expectations, intentions, etc. and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein are no guarantee of future performance and are subject to certain risks and uncertainties that are difficult to predict and actual results could differ materially from those reflected in the forward-looking statements. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and executions and the related timing of the revenue recognition related thereto, the potential cancellation of existing contracts or clients not completing projects included in the backlog, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell Streamline Health solutions, the ability of Streamline Health to control costs, availability of products obtained from third-party vendors, the healthcare regulatory environment, potential changes in legislation, regulatory and government funding affecting the healthcare industry, healthcare information system 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 risk factors that might cause such differences including those discussed herein, and including, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry, the markets in which the Company operates and nationally, and the Company’s ability to maintain compliance with the terms of its credit facilities, but not limited to, discussions in the most recent Form 10-K, Part I, “Item 1. Business”, “Item 1A. Risk Factors”, Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplemental Data.” In addition, other written or oral statements that constitute forward-looking statements may be made by or on behalf of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date thereof. The Registrant undertakes no obligation to publicly revise these forward-looking statements, to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in this and other documents Streamline Health Solutions, Inc. files from time to time with the Securities and Exchange Commission, including future Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

Streamline Health’s discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Streamline Health to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent liabilities. On an ongoing basis, Streamline Health evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, support contracts, contingencies, and litigation. Streamline Health bases its estimates on historical experience and on various other assumptions that Streamline Health believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and revenue and expense recognition. Actual results may differ from these estimates under different assumptions or conditions.

## General

Founded in 1989, Streamline Health Solutions, Inc. (“Streamline Health®”, “Streamline” or the “Company”) is a healthcare information technology company, which is focused on developing and licensing proprietary software solutions that improve document-centric information flows and complement and enhance existing transaction-centric hospital healthcare information systems. In addition, Streamline Health provides consulting services specializing in enterprise connectivity, systems integration, and departmental process improvement. The Company sells its products and services in North America through its direct sales force, and its reseller partnerships. The Company also sells to direct remarketers, hospitals, clinical and ambulatory services.

Document imaging and workflow management technologies like those provided by Streamline Health are essential elements of a complete Electronic Health Record because they allow for the storage of unstructured data. Unstructured data may consist of patient record elements other than discrete data. Examples of unstructured data are hand written physician or nursing notes, physician orders, photographs, audio, video, and outside correspondence.

Streamline Health’s solutions create a permanent document-based repository of historical health information that is complementary and can be seamlessly integrated with existing disparate clinical, financial and administrative information systems, providing convenient electronic access to all forms of patient information from any location, including secure web-based access. These integrated solutions allow providers and administrators to link existing hospital information systems with digitized documents, which can dramatically improve the availability of patient information while decreasing direct costs associated with document retrieval, work-in-process, chart processing, document retention, and archiving.

Healthcare providers have significant need to streamline document-centric information flows to eliminate business process friction points. Streamline Health’s vision for its customers is a fully integrated business process across departments, vendors and existing clinical, billing and administrative applications. These comprehensive, cost-effective information systems deliver rapid access to fully updated and complete patient information. Streamline Health’s strategy is to remain a leader in document management and workflow technologies that supplement the existing clinical information system, provide cost-saving efficiency and enhanced safety through improved access to critical patient data. The Company’s systems and services can also help a provider’s existing system to achieve “meaningful use” under the HITECH provisions of the American Recovery and Reinvestment Act of 2009 (ARRA); which allow for reimbursement by the U.S. federal government for health providers’ capital expenditures on health information technology. These benefits encourage physicians to adopt the Company’s solutions because of convenient access to documents not typically available in data-centric clinical information systems.

The Company operates primarily in one segment as a provider of health information technology solutions that streamline healthcare information flows within the healthcare facility. The financial information required by Item 101(b) of Regulation S-K is contained in Item 6. Selected Financial Information section of the Company’s January 31, 2010 Form 10-K.

## Executive Overview

In 2009, the Company successfully made its fifth-generation software architecture (accessANYware 5.0) generally-available, and has put the new architecture into production successfully in several large healthcare facilities in Canada. Subsequently, we have continued our investment in the accessANYware 5.x solution portfolio research and development. This development effort includes the consolidation of technology platforms onto the Microsoft.NET platform, and also the internationalization of the software which specifically included French Canadian language capabilities as part of Streamline Health's agreements with health care systems in Canada via our international remarketing partner, Telus Health. In 2010 and into 2011 we are continuing development efforts on accessANYware 5.1 which we expect will be available to our U.S. based customers in 2011. The enhanced version of the accessANYware 5.x products allow for expanded functionality, additional interoperability capabilities with existing third party healthcare health information systems, and shorter development periods for a faster time-to-market for new products. We have had positive reception to accessANYware 5.0 at the installed locations in Canada, and the Company plans to continue this momentum with future releases of 5.x products.

Prior versions of accessANYware are still available for sale, and the Company continues to provide full product support for prior versions, as we anticipate several years before all existing accessANYware customers complete a transition to the accessANYware 5.x platform.

Healthcare organizations are seeking to improve business processes to reduce costs, and increase reimbursement rates and revenues, while also improving the quality of care. Business Process Management (BPM) and our newly organized Performance Management Group (PMG) are Streamline Health's consulting services divisions that take advantage of what the Company believes is a significant growth opportunity; to provide departmental document workflow solutions, revenue cycle management, executive decision analysis consulting, and business process optimization services. In the third quarter of 2010 we entered into a contract with one of our Texas based hospital systems for BPM services to implement our Referral Order Workflow (ROW). This solution will provide an automated means of capturing and referring physician orders while routing to the hospital's scheduling office, and linking the orders to the patient's medical record within Streamline Health's enterprise document management repository. Workflow solutions such as ROW are solutions targeted for departmental process improvements. These BPM and PMG implemented solutions provide for a quick return on investment for customers by utilizing Streamline's workflow management expertise. The Company views offerings such as ROW, as drivers of our future growth, as well as the success of our customers.

BPM's focus will remain on departmental workflow and process improvement solutions, and PMG will focus on revenue cycle enhancement consulting and executive level decision analysis. Both use Streamline's workflow technologies and expertise to improve the customer's business operations.

Streamline Health delivers its products as licensed, locally-installed systems, or hosted systems in the Company's data center. A desirable byproduct of hosted system sales is the recurring revenues from backlog fulfillment of these hosted contracts, which are typically five- year or more contract periods. Additionally, there are a high percentage of contract renewals after the initial term. As the Company continues to promote our hosted recurring revenue model, traditional license sales provide a significant impact to our short-term operating results. Licensed, locally installed contracts also provide for significant near-term operating cash flow, as we acquire more hosted customers for which cash is collected over the long term period of the hosted contract. The Company believes a combination of licensed, locally installed system sales along with growth in recurring revenue from hosted system sales is key to our long term success and return on investment for the Company's stockholders. In the near term, management believes it is more appropriate to measure its success by revenue and revenue backlog, and level of earnings before interest, taxes, depreciation and amortization (EBITDA), rather than net profits. Furthermore, the Company expects that the near-term focus on these metrics will translate into the goal of sustained profitability over the long-term.

### **Operating Results**

New bookings for the third quarter, excluding maintenance services, were in excess of \$1.2 million. These new bookings include two new enterprise license contracts, and a large add-on enterprise license sale. Bookings reflect the aggregate of signed contracts and/or completed customer purchase orders approved and accepted by the Company as binding commitments to purchase its products and/or services. New bookings do not include maintenance services as these tend to be recurring in nature on an annual or more frequent basis.

The Company recognized revenues in the three and nine month periods ending October 31, 2010 of \$4,471,000 and \$12,691,000, compared to \$4,106,000 and \$11,926,000 in the comparable prior periods. The increased revenues recognized over the prior three and nine month periods are derived primarily from an increase in proprietary software systems sales, as well as recurring revenues recognized from application-hosting and maintenance revenues. The Company incurred an operating profit in the current quarter of \$144,000 and an operating loss of \$1,084,000 for the nine month period ending October 31, 2010. Comparatively, the Company incurred operating losses of \$285,000 and \$275,000 respectively, for the three and nine month periods ending October 31, 2009. Operating expenses in the three and nine month periods ending October 31, 2010 were \$4,327,000 and \$13,776,000 respectively, compared to \$4,391,000 and \$12,201,000 in the comparable prior three and nine month periods. The decrease in operating expenses over the prior quarter was due to decreased selling, general and administrative expenses in the third quarter of 2010. The increase in operating expenses over the prior nine month period was due to several factors including an increase in amortization of capitalized software development costs. This increase in amortization expense in fiscal 2010 is primarily due to the general release of accessANYware 5.0 in late fiscal 2009. In addition to amortization expense, the Company increased investments made in professional services staffing, selling and marketing, professional fees, and increased compensation expenses.

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The Company's revenues from proprietary systems sales have varied, and may continue to vary, significantly from quarter-to-quarter because of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter-to-quarter because of the timing of the implementation services, project management, and timing of the recognition of revenues under generally accepted accounting principles. Conversely, revenues from hosted systems sales, and maintenance services do not fluctuate significantly from quarter-to-quarter, but have been increasing, on an annual basis, as the number of customers increase. Substantial portions of the operating expenses are fixed; therefore operating profits are expected to vary depending on the factors that drive fluctuations in revenues and the mix of proprietary versus hosted contracts sold.

### Quarterly Statement of Operations<sup>(1)</sup>

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2010	2009	2010	2009
Systems sales	13%	4%	13%	8%
Services, maintenance and support	66	73	66	71
Application-hosting services	21	23	21	21
Total revenues	100%	100%	100%	100%
Cost of sales	57%	58%	61%	59%
Selling, general and administrative	31	38	36	34
Product research and development	9	11	11	10
Total operating expenses	97%	107%	108%	102%
Operating profit (loss)	3%	(7)%	(8)%	(2)%
Other income (expense), net	(1)	(—)	(1)	(1)
Income tax net benefit	—	(—)	(—)	(—)
Net earnings(loss)	2%	(7)%	(9)%	(3)%
Cost of systems sales	127%	388%	133%	218%
Cost of services, maintenance and support	45%	44%	49%	43%
Cost of application-hosting services	53%	44%	54%	49%

- (1) Because a significant percentage of the operating costs are incurred at levels that are not necessarily correlated with revenue levels, a variation in the timing of systems sales and installations and the resulting revenue recognition can cause significant variations in operating results. As a result, period-to-period comparisons may not be meaningful with respect to the past operations nor are they necessarily indicative of the future operations of Streamline Health in the near or long-term. The data in the table is presented solely for the purpose of reflecting the relationship of various operating elements to revenues for the periods indicated.

### Backlog

Backlog consisted of the following (in thousands):

	October 31, 2010	July 31, 2010	January 31, 2010	October 31, 2009
Streamline Health software licenses	\$ 298	174	201	2,036
Custom software	42	62	105	140
Hardware and third party software	176	95	171	268
Professional services	3,293	3,981	3,977	3,156
Application-hosting services	8,068	8,818	9,414	10,897
Recurring maintenance	7,641	5,788	5,987	6,075
Total	\$ 19,518	18,918	19,855	22,572



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At October 31, 2010 Streamline Health has master agreements and purchase orders from customers and remarketing partners for systems and related services (excluding support and maintenance, and transaction-based application-hosting revenues), which have not been delivered or installed and if fully performed, would generate future revenues of approximately \$19,518,000 compared with \$22,572,000 at October 31, 2009. The related systems and services are expected to be delivered over the next two to three years. The overall decrease in the backlog as compared to October 31, 2009 is primarily the result of the recognition of revenues relating to the release of accessANYware 5.0 in the fourth quarter of fiscal 2009, along with the continued recognition of backlogged revenues relating to professional services, hardware and software for the Canadian customer and others.

At October 31, 2010, Streamline Health had maintenance agreements or purchase orders, from customers and remarketing partners, which if fully performed, will generate future revenues of approximately \$7,641,000 compared with \$6,075,000 at October 31, 2009, through their respective renewal dates in fiscal year 2010 and 2011. The increase results primarily from the signing of new proprietary software sales contracts during the second half of fiscal 2009, and in the three quarters ended October 31, 2010.

At October 31, 2010, Streamline Health has entered into application-hosting agreements, which are expected to generate revenues in excess of \$8,068,000 through their respective renewal dates in fiscal years 2010 through 2015. The application-hosting backlog decreased from \$10,897,000 at October 31, 2009, due to the continued recognition of revenues from contracts signed in fiscal 2008 and 2009, and decreased volume of new application-hosting business through the end of the third quarter of 2010.

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 application-hosting services. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period. Streamline Health's master agreements generally provide that the customer may terminate its agreement upon a material breach by Streamline Health, or may delay certain aspects of the installation. There can be no assurance that a customer will not cancel all or any portion of a master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of Streamline Health to procure additional agreements, could have a material adverse effect on Streamline Health's business, financial condition, and results of operations.

Streamline Health believes a large percentage of its future revenues will come from its remarketing agreements in place with health information systems vendors. The Company continues to actively pursue remarketing agreements with other companies.

[Table of Contents](#)*Revenues*

Revenues consisted of the following (in thousands):

	For the Three Months Ended October 31,		Dollars Change	Percent Change
	2010	2009		
Proprietary software (1)	\$ 402	\$ 14	\$ 388	2771%
Hardware & third party software (1)	177	156	21	13%
Professional services (2)	980	1,213	(233)	(19%)
Maintenance & support (2)	2,010	1,793	217	12%
Application-hosting services	902	930	(28)	(3%)
Total Revenues	<u>\$ 4,471</u>	<u>\$ 4,106</u>	<u>\$ 365</u>	9%

	For the Nine Months Ended October 31,		Dollars Change	Percent Change
	2010	2009		
Proprietary software (1)	\$ 1,104	\$ 148	\$ 956	646%
Hardware & third party software (1)	586	809	(223)	(28%)
Professional services (2)	2,567	2,968	(401)	(14%)
Maintenance & support (2)	5,797	5,555	242	4%
Application-hosting services	2,637	2,446	191	8%
Total Revenues	<u>\$ 12,691</u>	<u>\$ 11,926</u>	<u>\$ 765</u>	6%

- (1) Proprietary software and hardware are the components of the system sales line item
- (2) Professional services and maintenance & support are the components of the service, maintenance and support line item. BPM and PMG consulting services are included in professional services.

The quarterly, and year-to-date increase in revenues was primarily the result of several large proprietary software sales during the second and third quarters of 2010, and continued recognition of backlog revenues from hosted contracts. Professional service and hardware and third party software sales decreased primarily from customer delays for systems implementation, decreases in the volume of hardware upgrades by existing clients, or delays in the purchase of hardware and third party software.

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### *Operating Expenses*

Operating expenses consisted of the following (in thousands):

	For the Three Months Ended		Dollars Change	Percent Change
	October 31,			
	2010	2009		
Cost of system sales	\$ 737	\$ 658	\$ 79	12%
Cost of services, maintenance and support	1,347	1,318	29	2%
Cost of application-hosting	480	408	72	18%
Total cost of sales	\$ 2,564	\$ 2,384	\$ 180	8%
Selling, general, and administrative	1,362	1,541	(179)	(12)%
Research and development	400	466	(66)	(14)%
Total operating expenses	\$ 4,326	\$ 4,391	\$ (65)	(1)%

	For the Nine Months Ended		Dollars Change	Percent Change
	October 31,			
	2010	2009		
Cost of system sales	\$ 2,256	\$ 2,092	\$ 164	8%
Cost of services, maintenance and support	4,108	3,698	410	11%
Cost of application-hosting	1,409	1,203	206	17%
Total cost of sales	\$ 7,773	\$ 6,993	\$ 780	11%
Selling, general, and administrative	4,565	4,011	554	14%
Research and development	1,438	1,197	241	20%
Total operating expenses	\$ 13,776	\$ 12,201	\$ 1,575	13%

Cost of systems sales includes amortization of capitalized software expenditures, royalties, and the cost of third-party hardware and software. The increase in the cost of systems sales during the three month period ended October 31, 2010, over the prior comparable quarter, is primarily the result of the increases in amortization of capitalized software development costs due to the timing of when certain products entered general availability, and increased hardware and third party software sales and the associated direct costs. The increase in the cost of systems sales during the nine month period ended October 31, 2010, over the prior comparable quarter, is primarily the result of the increases in amortization of capitalized software development costs due to the general release of accessANYware 5.0. Additionally, this was offset by reduced hardware and third party software sales and the associated direct costs.

Cost of services, maintenance and support includes compensation and benefits for support and professional services personnel and the cost of third party maintenance contracts. The year-to-date increase is primarily due to the increased investment in professional services staff and support for continued growth of the BPM services through the second quarter 2010. Investment leveled off during the third quarter of fiscal 2010. The incremental costs incurred for the start-up of the PMG group, consisted of compensation and travel costs which occurred late in the third quarter.

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The increases in the cost of application-hosting services operations over the three and nine months ended October 31, 2010, over the prior comparable periods, are primarily attributable to increased compensation, depreciation and third party license and maintenance expenses as a result of the growing hosting center operations, as well as typical annual cost increases.

### *Selling, General and Administrative Expense*

Selling, General and Administrative expenses consist primarily of compensation and related benefits, 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. The quarterly decrease over the comparable prior period is due to the reorganization of the sales and marketing staff, a decrease in bad debt expense, a decrease in commissions expense, offset by the re-instatement of bonuses. The year-to-date increase over the respective comparable prior period is due to investment in customer initiatives; increases in commissions and other compensation expenses; re-instatement of bonuses; severance costs; and professional fees relating to increased compliance and administration costs.

### *Product Research and Development Expense*

Product research and development costs are summarized as follows (in thousands):

	<b>For the Three Months Ended</b>		<b>Dollars</b>	<b>Percent</b>
	<b>October 31,</b>			
	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>Change</b>
Research and development expense	\$ 400	\$ 466	\$ (66)	(55)%
Capitalized research and development cost	668	859	(191)	(22)%
Total R&D Cost	\$ 1,068	\$ 1,325	\$ (257)	(19)%

	<b>For the Nine Months Ended</b>		<b>Dollars</b>	<b>Percent</b>
	<b>October 31,</b>			
	<b>2010</b>	<b>2009</b>	<b>Change</b>	<b>Change</b>
Research and development expense	\$ 1,438	\$ 1,197	\$ 241	20%
Capitalized research and development cost	1,942	2,879	(937)	(33)%
Total R&D Cost	\$ 3,379	\$ 4,076	\$ (697)	(17)%

Product research and development expenses consist primarily of compensation and related benefits; the use of independent contractors for specific near-term development projects; and an allocated portion of general overhead costs, including occupancy. Research and development expenses decreased for the three months ended October 31, 2010 due to reduced required resources necessary for current development projects. Research and development expense decreased for the nine month period ended October 31, 2010, primarily due to a decrease in costs eligible for capitalization. However, the decrease in total research and development cost for the three and nine month periods ended October 31, 2010 over the prior comparable periods is the result of the reduced resources necessary for research and development efforts, subsequent to the release of accessANYware 5.0 in the fourth quarter of fiscal 2009.

*Operating Profit (loss)*

The Company incurred an operating profit of \$144,000 and an operating loss of \$1,084,000 for the three and nine month periods ended October 31, 2010. Comparatively, during the prior three and nine month periods, the Company incurred operating losses of \$285,000 and \$275,000, respectively. The operating profit for the quarter was primarily due to increases in proprietary software and maintenance revenues were offset by increases in capitalized software amortization and increased compensation. Similarly, increases in proprietary software sales and recurring application-hosting revenues were offset by increased investment in customer initiatives, increased compensation, and a year-to-date increase in expense relating to amortization of capitalized software development costs, which contributed to the operating loss for the nine month period ending October 31, 2010.

*Other Expense*

Interest expense for the three and nine months ended October 31, 2010 was \$32,000 and \$88,000 respectively, compared to \$12,000 and \$30,000 in the comparable prior periods. The increase in interest expense was related to the working capital facility interest and fees, as well as interest for the lease of capital equipment. Year-to-date other income of \$30,000 is primarily made up of net unrealized foreign currency exchange gains on outstanding payables and receivables.

*Provision for Income Taxes*

The tax provision in the first quarter of fiscal 2010 and 2009 is comprised of primarily state and local provisions.

*Net loss*

The Company incurred net income of \$95,000 and a year-to-date loss of \$1,158,000 in the three and nine month periods ended October 31, 2010, compared to net losses of \$296,000 and \$297,000 in the comparable prior periods ended October 31, 2009. Increases in proprietary software sales and recurring application-hosting revenues were offset by increased investment in customer initiatives, compensation, and increased expense relating to amortization of capitalized software development costs, which contributed to the loss for the current nine month period.

## **Liquidity and Capital Resources**

Traditionally, Streamline Health has funded its operations, working capital needs, and capital expenditures primarily from a combination of cash generated by operations, bank loans, and revolving lines of credit. Streamline Health's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from customers, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter.

Streamline Health has obligations for capital resources, consisting of the \$2,400,000 borrowed under its bank line of credit at October 31, 2010, and non-cancelable operating leases of approximately \$1,660,000 payable over the next five years, \$250,000 for a capital lease, and an economic development incentive from the City of Blue Ash, Ohio up to a maximum amount of \$130,000. Capital expenditures for property and equipment in 2010 are not expected to exceed \$1,000,000.

Net cash provided by operations for the nine months ended was \$565,000, as compared to cash used for operations of \$183,000 in the prior comparable period. Significant decreases in deferred revenues and increases in software amortization and share-based compensation expenses offset the net loss incurred and decreases in accounts payable for a net cash provided by operation. Deferred revenues reflect the revenue recognition of prepaid maintenance contracts during fiscal 2010, net of any additional payments received in 2010, along with the timing of any payments received.

Net cash used in investing activities was \$2,383,000, an improvement of \$936,000 from the prior comparable period. This decrease was primarily due to the decrease in capitalized software development costs, as a result of accessANYware 5.0 reaching general release in late 2009 which had significant development costs capitalized in the prior year.

The net cash provided by financing activities is primarily the net change of cash received from the line of credit, proceeds received from the employee stock purchase plan, and from the exercise of stock options. The increase in cash provided by financing activities is due to the increased draw against the line of credit as of October 31, 2010.

At October 31, 2010, Streamline Health had cash on hand of \$665,000, and availability of \$350,000 under the line of credit. The Company's revolving credit facility matures October 1, 2011. The Company is currently evaluating our financing options available, including renewal or replacement of its current revolving credit facility. Streamline Health believes that its present cash position, combined with cash generation currently anticipated from operations, the availability and expected renewal or replacement of the revolving credit facility, and possible access to new funding sources will be sufficient to meet anticipated cash requirements for the next twelve months. However, continued expansion of the Company will require additional resources. The Company may need to incur debt, obtain an additional infusion of capital, or a combination of both, depending on the extent of the expansion of the Company and future revenues and expenses. However, there can be no assurance Streamline Health will be able to do so.

Notwithstanding the current levels of revenues and expenses, for the foreseeable future, Streamline Health will need to continually assess its revenue prospects compared to its then current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to reduce operating expenses or raise cash through additional borrowings, the sale of assets, or other equity financing. Certain of these actions will require current lender approval. However, there can be no assurance Streamline Health will be successful in any of these efforts. If it is necessary to significantly reduce operating expenses, this could have an adverse effect on future operating performance.

To date, inflation has not had a material impact on Streamline Health's revenues or expenses.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of the annual report on Form 10-K for the fiscal year ended January 31, 2010. The Company's exposures to market risk have not changed materially since January 31, 2010.

Item 4. CONTROLS AND PROCEDURES

Streamline Health maintains disclosure controls and procedures that are designed to ensure that there is reasonable assurance that the information required to be disclosed in Streamline Health's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Streamline Health's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Exchange Act Rules 13a-15(e) and 15d-15(e). In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of Streamline Health's senior management, including the Chief Executive Officer and Interim Chief Financial Officer, of the effectiveness of the design and operation of Streamline Health's disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Based on that evaluation, Streamline Health's management, including the Chief Executive and Interim Chief Financial Officer, concluded that there is reasonable assurance that Streamline Health's disclosure controls and procedures were effective as of the end of the period covered by this report and there have been no changes in Streamline Health's internal control or in the other controls during the quarter ended October 31, 2010 that could materially affect, or is reasonably likely to materially affect, internal controls over financial reporting.

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### Part II. OTHER INFORMATION

#### Item 1. LEGAL PROCEEDINGS

Streamline Health is, from time to time, a party to various legal proceedings and claims, which arise, in the ordinary course of business. Streamline Health is not aware of any legal matters that will have a material adverse effect on Streamline Health's consolidated results of operations or consolidated financial position.

#### Item 1A. RISK FACTORS

In addition to the other information set forth in this report and the risk factors set forth below, you should carefully consider the risk factors discussed in Part I, "Item 1A, Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended January 31, 2010. The risk factors in the Annual Report have not materially changed since January 31, 2010, but are not the only risks facing the Company. In addition, risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company, its financial condition and/or operating results.

#### Item 3. DEFAULTS UPON SENIOR SECURITIES

The Company was not in default of its existing credit facility at October 31, 2010.

#### Item 6. EXHIBITS

##### (a) Exhibits

- 3.1(a) Certificate of Incorporation of Streamline Health Solutions, Inc. (\*)
- 3.1(b) Certificate of Incorporation of Streamline Health Solutions, Inc., amendment No. 1 (\*)
- 3.2 Bylaws of Streamline Health Solutions, Inc. as amended and restated on October 22, 2010 (\*)
- 11 Computation of earnings (loss) per common share
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(\*) Incorporated herein by reference from, the Registrant's SEC filings.  
(See INDEX TO EXHIBITS)



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.

STREAMLINE HEALTH SOLUTIONS, INC.

DATE: December 9, 2010

By: /s/ J. Brian Patsy  
J. Brian Patsy  
Chief Executive Officer  
(Principal Executive Officer)

DATE: December 9, 2010

By: /s/ Donald E. Vick, Jr.  
Donald E. Vick, Jr.  
Interim Chief Financial Officer  
(Principal Financial Officer, and  
Principal Accounting Officer)

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Exhibit</u>
3.1(a)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's (LanVision System, Inc.) Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
3.1(b)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc., amendment No. 1 Previously filed with the Commission and incorporated herein by reference from the Registrant's Form 10-Q, as filed with the Commission on September 8, 2006.
3.2	Bylaws of Streamline Health Solutions, Inc. as amended and restated on July 22, 2010, and previously filed with the Commission and incorporated herein by reference from the Registrant's Form 10-Q, as filed with the Commission on September 9, 2010.
11	Computation of Earnings (Loss) Per Common Share
31.1	Certification of Chief Executive Officer pursuant to Rule 13a - -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended
31.2	Certification of Chief Financial Officer pursuant to Rule 13a - -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

## STREAMLINE HEALTH SOLUTIONS, INC.

## Computation of (loss) per share

	Nine Months Ended October 31,	
	<u>2010</u>	<u>2009</u>
Net (loss)	\$ (1,157,748)	\$ (297,379)
Average shares outstanding	9,486,233	9,385,969
Stock options & purchase plan:		
Total options & purchase plan shares	—	—
Assumed treasury stock buyback	—	—
Convertible redeemable preferred stock assumed converted	—	—
Number of shares used in per common share computation	<u>9,486,233</u>	<u>9,385,969</u>
Basic net ( loss ) per share of common stock	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>
Diluted net ( loss ) per share of common stock	<u>\$ (0.12)</u>	<u>\$ (0.03)</u>

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of Chief Executive Officer pursuant to Rule 13a -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended

I, J. Brian Patsy, certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 9, 2010

/s/ J. Brian Patsy  
Chief Executive Officer and President

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of Chief Financial Officer pursuant to Rule 13a -14(a) and Rule 15d — 14(a) of the Securities Exchange Act, as Amended

I, Donald E. Vick, Jr., certify that:

I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 9, 2010

/s/ Donald E. Vick, Jr.  
\_\_\_\_\_  
Interim Chief Financial Officer

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of the Chief Executive Officer Pursuant to  
18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, J. Brian Patsy, Chief Executive Officer and President of Streamline Health Solutions, Inc. “(the Company)”, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended October 31, 2010 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

December 9, 2010

/s/ J. Brian Patsy

Chief Executive Officer and President

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

STREAMLINE HEALTH SOLUTIONS, INC.

Certification of the Chief Financial Officer Pursuant to  
18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, Donald E. Vick, Jr., Interim Chief Financial Officer of Streamline Health Solutions, Inc. “(the Company)”, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (3) The Quarterly Report on Form 10-Q of the Company for the quarter ended October 31, 2010 (the “Report”) fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

December 9, 2010

/s/ Donald E. Vick, Jr.

\_\_\_\_\_  
Interim Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.