

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, 2007

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 6, 2007: 9,245,320.

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) October 31, 2007	(Audited) January 31, 2007
Assets		
Current assets:		
Cash	\$ 628,665	\$ 3,316,614
Accounts receivable, net of allowance for doubtful accounts of \$100,000 and \$200,000, respectively	1,659,878	2,281,313
Contract receivables	1,285,995	1,357,433
Prepaid expenses	965,688	545,430
Deferred tax asset	625,000	625,000
Total current assets	<u>5,165,226</u>	<u>8,125,790</u>
Property and equipment:		
Computer equipment	2,228,439	2,132,853
Computer software	998,049	847,328
Office furniture, fixtures and equipment	806,341	733,320
Leasehold improvements	577,737	568,098
	<u>4,610,566</u>	<u>4,281,599</u>
Accumulated depreciation and amortization	<u>(3,090,858)</u>	<u>(2,704,329)</u>
	1,519,708	1,577,270
Contract receivables	181,381	554,888
Capitalized software development costs, net of accumulated amortization of \$6,261,568 and \$5,116,568, respectively	4,376,355	3,753,361
Other, including deferred taxes of \$1,250,000, respectively	1,281,700	1,289,536
	<u>\$ 12,524,370</u>	<u>\$ 15,300,845</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) October 31, 2007	(Audited) January 31, 2007
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 730,725	\$ 619,362
Accrued compensation	354,126	432,142
Accrued other expenses	459,361	541,904
Deferred revenues	3,483,620	3,693,668
Current portion of capitalized leases	—	91,002
Total current liabilities	<u>5,027,832</u>	<u>5,378,078</u>
Long-term debt	—	1,000,000
Capitalized leases	—	56,049
Non-current lease incentives	165,515	222,484
Stockholders' equity:		
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized	—	—
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 9,245,320 and 9,211,399 shares issued, respectively	92,453	92,114
Capital in excess of par value	35,456,283	35,286,238
Accumulated (deficit)	<u>(28,217,713)</u>	<u>(26,734,118)</u>
Total stockholders' equity	<u>7,331,023</u>	<u>8,644,234</u>
	<u>\$ 12,524,370</u>	<u>\$ 15,300,845</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Three and nine Months Ended October 31,
(Unaudited)

	Three Months		Nine Months	
	2007	2006	2007	2006
Revenues:				
Systems sales	\$ 40,753	\$ 561,213	\$ 905,092	\$ 3,476,521
Services, maintenance and support	3,031,478	2,212,044	7,356,497	6,110,393
Application-hosting services	871,843	818,856	2,665,100	2,436,328
Total revenues	<u>3,944,074</u>	<u>3,592,113</u>	<u>10,926,689</u>	<u>12,023,242</u>
Operating expenses:				
Cost of systems sales	443,167	493,343	1,806,789	2,049,261
Cost of services, maintenance and support	1,101,417	956,938	3,088,605	2,649,273
Cost of application-hosting services	263,216	278,271	818,375	855,647
Selling, general and administrative	1,509,344	1,452,044	4,331,015	4,369,664
Product research and development	610,554	708,399	2,366,455	2,226,765
Total operating expenses	<u>3,927,698</u>	<u>3,888,995</u>	<u>12,411,239</u>	<u>12,150,610</u>
Operating income (loss)	16,376	(296,882)	(1,484,550)	(127,368)
Other income (expense):				
Interest income	327	11,774	17,559	64,274
Interest expense	(4,472)	(24,242)	(23,848)	(107,407)
Loss on disposal of equipment	—	—	(11,546)	—
Earnings (loss) before taxes	12,231	(309,350)	(1,502,385)	(170,501)
Income taxes	(9,000)	(25,000)	(9,000)	(29,000)
Net earnings (loss)	<u>\$ 3,231</u>	<u>\$ (334,350)</u>	<u>\$ (1,511,385)</u>	<u>\$ (199,501)</u>
Basic net earnings (loss) per common share	<u>\$ 0.00</u>	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Diluted net earnings (loss) per common share	<u>\$ 0.00</u>	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Number of shares used in per common share computations:				
Basic	<u>9,245,320</u>	<u>9,211,399</u>	<u>9,227,526</u>	<u>9,190,028</u>
Diluted	<u>9,361,189</u>	<u>9,211,399</u>	<u>9,227,526</u>	<u>9,190,028</u>

See Notes to Condensed Consolidated Financial Statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended October 31,

(Unaudited)

	<u>2007</u>	<u>2006</u>
Operating activities:		
Net (loss)	\$ (1,511,385)	\$ (199,501)
Adjustments to reconcile net (loss) earnings to net cash (used for) operating activities:		
Depreciation and amortization	1,648,445	1,386,646
Share-based compensation expense	83,553	80,903
Loss on disposal of equipment	11,546	—
Cash (used for) provided by assets and liabilities:		
Accounts and contract receivables	1,066,380	138,573
Other current assets	(420,258)	(233,042)
Accounts payable and accrued expenses	(21,404)	(1,511,668)
Deferred revenues	(210,048)	122,555
Net cash provided by (used for) operating activities	<u>646,829</u>	<u>(215,534)</u>
Investing activities:		
Purchases of property and equipment	(596,205)	(393,897)
Proceeds from disposal of property and equipment	138,775	—
Capitalization of software development costs	(1,767,994)	(1,355,664)
Other	(49,134)	(51,055)
Net cash (used for) investing activities	<u>(2,274,558)</u>	<u>(1,800,616)</u>
Financing activities:		
Payment of long-term debt	(1,000,000)	(1,000,000)
Payment of capitalized leases	(147,051)	(63,162)
Exercise of stock options and employee stock purchase plan	86,831	85,318
Net cash (used for) financing activities	<u>(1,060,220)</u>	<u>(977,844)</u>
(Decrease) in cash	(2,687,949)	(2,993,994)
Cash at beginning of period	3,316,614	4,634,219
Cash at end of period	<u>\$ 628,665</u>	<u>\$ 1,640,225</u>
Supplemental cash flow disclosures:		
Interest paid	<u>\$ 25,459</u>	<u>\$ 107,408</u>
Income taxes paid	<u>\$ 9,202</u>	<u>\$ 66,537</u>

See Notes to Condensed Consolidated Financial Statements.

STREAMLINE HEALTH SOLUTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Streamline Health Solutions, Inc. (“Streamline Health® or the Company”) without audit, in accordance with U.S. generally accepted accounting principles for interim financial information, pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U. S. 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 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, 2007, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2008.

Note 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company’s significant accounting policies is presented beginning on page 40 of its fiscal year ending January 31, 2007 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. There has been no material change in the accounting policies followed by the Company during the current year.

Note 3 — CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The decrease in cash during the first nine months results primarily from: the repayment of \$1,000,000 in long-term debt, acquisition of equipment in the amount of \$596,205, and capitalized software in the amount of \$1,767,994.

The decrease in accounts receivable results from collection of outstanding balances and lower revenues during the first nine months.

Prepaid expenses consist of software and hardware awaiting installation (related to unrecognized revenue) and prepaid expenses, including commissions. The increase results from prepaid bonuses and commissions related to deferred revenues and costs related to a major installation which will be expensed when the installation revenue is recognized in 2008.

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The increase in accounts payable results primarily from the timing of payments during the quarter.

The decrease in deferred revenues reflects the amortization of prepaid maintenance payments received in prior periods.

Note 4 — EQUITY AWARDS

During the first nine months of the current fiscal year, the Company granted 30,000 options at \$4.35 per share. During the same period, 28,500 options were forfeited and 16,500 options were exercised under all plans during the first nine months. The expense relating to the fair value of equity awards included in the first nine months of fiscal year 2006 and 2007 operating expenses amounted to \$83,553 and \$80,903, respectively.

The assumptions used to calculate the fair value of equity awards granted are evaluated and revised, as necessary, to reflect current market conditions and prior experience.

Note 5 — INCOME TAXES

The Company adopted Financial Accounting Standards Board Interpretation 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), at the beginning of fiscal year 2007. FIN 48 requires the Company to evaluate whether the tax positions taken by the Company will more likely than not be sustained upon examination by the appropriate taxing authority. It also provides guidance on how a company should measure the amount of the benefit that the Company recognizes in its financial statements. As a result of the implementation of FIN 48, the changes to the Company's reserve for uncertain tax positions was accounted for as a \$27,791 adjustment to increase the beginning balance of retained earnings on the Company's balance sheet. The Company believes that its income tax positions and deductions will be sustained on audit and does not anticipate adjustments that will result in a material change to its financial position during the next twelve months. Therefore, no reserves for uncertain tax positions have been recorded pursuant to FIN 48 as of January 31, 2007 and October 31, 2007.

The Company and its subsidiary are subject to U.S. Federal income tax as well as income taxes in multiple state and local jurisdictions. The Company has concluded all U.S. Federal tax matters for years through January 31, 2003. All material state and local income tax matters have been concluded for years through January 31, 2002.

The Company has a net operating tax loss carry forward in excess of \$29,000,000.

Note 6 — EARNINGS PER SHARE

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

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The 2007 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options and warrants), as the inclusion thereof would be antidilutive. The Company had approximately 439,834 equity award shares and 750,000 warrant shares outstanding at October 31, 2007 that were not included in the diluted net (loss) per share calculation as the inclusion thereof would be antidilutive.

The 2006 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options, stock appreciation rights (SAR) and warrants), as the inclusion thereof would be antidilutive. The Company had 451,500 option shares, 25,000 SAR's and 750,000 warrants outstanding at October 31, 2006 that were not included in the diluted net (loss) per share calculations as the inclusion thereof would be antidilutive.

Note 7 — EMPLOYEE STOCK PURCHASE PLAN.

During the second quarter of 2007 the Company issued 17,421 shares of Common stock at \$3.56 per share in accordance with the Employee Stock Purchase Plan.

Note 8 — DEBT

In January 2007, Streamline Health prepaid its then existing term debt and entered into a new three year \$5,000,000 working capital revolving line of credit facility, with an option for two one-year extensions. The loan is secured by all of the assets of Streamline Health and the loan agreement restricts Streamline Health from incurring additional indebtedness for borrowed money, including capitalized leases, etc. without lender consent. The Company is required to meet certain financial covenants, including minimum level of tangible net worth, minimum working capital, fixed charge ratio coverage and funded indebtedness to earnings before interest, taxes, depreciation and amortization ratio (EBITDA). These requirements may limit the borrowing under this credit agreement. At October 31, 2007, the Company did not meet three financial covenants for borrowing under the facility: minimum working capital; fixed charge coverage ratio and tangible net worth covenants. The bank has waived the covenants that the Company was not in compliance with at October 31, 2007 on the condition that the Company and the Lender agree to the terms of a restructuring of the Company's Note and Guarantee Agreement, on terms satisfactory to the Lender by December 10, 2007. The Bank and the Company have tentatively agreed to the revised terms and conditions and are in the process of drafting a revision to the original agreement. Under the anticipated revised terms, the bank would advance, through April 30, 2008 up to \$500,000, determined as the lesser of two times trailing twelve months Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) or 80% of Eligible Receivables, which will be defined in the agreement. The interest rate will range from Prime to Prime plus 3 percent, based on the trailing 12 months EBITDA. Based on the current trailing twelve months EBITDA, a current borrowing rate would be Prime plus 1 percent.

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If the Company and the lender are unable to reach final agreement to the revised terms by December 10, 2007, the Company would not be able to borrow under the facility, if needed, after December 10, 2007. There were no amounts borrowed on the line of credit during the first three quarters of the current fiscal year and no amounts were outstanding at January 31, 2007 or October 31, 2007. The company does not believe that it will be necessary to borrow under the line through April 30, 2008 as the current cash flow projections appear adequate to meet the cash needs through that date.

In 1998, Streamline Health issued a \$6,000,000 note which was repaid in full in July, 2004. In connection with the issuance of the note, Streamline Health issued Warrants to purchase 750,000 shares of Common Stock of Streamline Health at \$3.87 per share at any time through July 16, 2008. The Warrants are subject to customary antidilution and registration rights provisions.

Note 9 — WARRANTIES AND INDENMNITIES

Streamline Health provides for the estimated cost of the product warranties at the time revenue is recognized. Should products fail to meet certain performance standards for an initial warranty period, Streamline Health's estimated warranty liability might need to be increased. Streamline Health bases its warranty estimates on the nature of any performance complaint, the effort necessary to resolve the issue, customer requirements and any potential concessions, which may be required to be granted to a customer, which result from performance issues. Streamline Health's ASPeN application-hosting services guarantees specific "up-time" and "response time" performance standards, which, if not met may result in reduced revenues, as a penalty, for the month in which the standards are not met. Streamline Health's standard agreements with its customers also usually include provisions to indemnify them from and against third party claims, liabilities, damages, and expenses arising out of Streamline Health's operation of its business or any negligent act or omission of Streamline Health. To date, Streamline Health has always maintained the ASPeN performance standards and has not been required to make any material penalty payments to customers or indemnify any customers for any material third party claims. At October 31, 2007, Streamline Health had a warranty reserve in the amount of approximately \$196,000. Each contract is reviewed quarterly with the appropriate Streamline Health Client Manager to determine the need for a warranty reserve based upon the most currently available information as to the status of the contract, the customer comments, if any, and the status of any open or unresolved issues with the customer.

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

In addition to historical information contained herein, this Quarterly Report on 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, long sales cycles, the expectations and timing of the execution of new licensing agreements and the related timing of the revenue recognition related thereto, the

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impact that increased expenditures on infrastructure and products could have on operations which may not result in projected increases in revenues, the timing and implementation of new agreements, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell Streamline Health products, the potential cancellation of existing contracts or clients not completing projects in the current backlog, the ability of Streamline Health to control costs, availability of products obtained from third-party vendors, the healthcare regulatory environment, 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. 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 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 other documents Streamline Health files from time to time with the Securities and Exchange Commission, including Annual Reports of Form 10-K, 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, warranty obligations, 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.

RESULTS OF OPERATIONS

GENERAL

Streamline Health Solutions, Inc. ("Streamline Health®" 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. The Company's workflow and document management solutions bridge the gap between current, predominantly paper-based processes and transaction-based healthcare information systems by 1) electronically capturing document-centric information from disparate sources, 2) electronically directing that information through vital business processes, and 3) providing access to the information to authenticated users

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(such as physicians, nurses, administrative and financial personnel and payers) across the continuum of care. Streamline Health's systems are designed for enterprise wide deployment to seamlessly connect disparate departmental systems, or silos of independent technologies which create Friction Points™, in a common interoperable document management workflow solution.

The Company's workflow-based products and services offer solutions to specific healthcare business processes within the Health Information Management (HIM) and revenue cycle, such as: remote coding, abstracting and chart completion, remote physician order processing, pre-admission registration scanning, insurance verification, secondary billing services, explanation of benefits processing, release of information processing and other departmental workflow processes.

The Company's products and services also create an integrated document-centric repository of historical health information that is complementary to, and can be seamlessly "bolted on" to existing transaction-centric clinical, financial and management information systems, allowing healthcare providers to aggressively move toward fully Electronic Medical Record (EMR) processes while improving service levels and convenience for all stakeholders. These integrated systems allow providers and administrators to dramatically improve the availability of patient information while decreasing direct costs associated with document retrieval, work-in-process, chart completion, document retention and archiving.

The Company's software solutions can be provided on a subscription basis via remote application-hosting services or licensed and installed locally. Streamline Health provides ASPeNSM, Application Service Provider-based remote hosting services to, The University Hospital, a member of the Health Alliance of Greater Cincinnati, Pattie A. Clay Medical Center, and Children's Medical Center of Columbus, OH, among others. In addition, Streamline Health has licensed its workflow and document management solutions, which are installed at leading healthcare providers including Stanford Hospital and Clinics, the Albert Einstein Healthcare Network, Beth Israel Medical Centers, Parkview Health, Medical University Hospital Authority of South Carolina, and Memorial Sloan-Kettering Cancer Center, among others.

The Company's applications allow authenticated users, such as physicians, nurses, administrative and financial personnel, and payers with access to patient healthcare information that exists in disparate systems across the continuum of care and improve operational efficiencies through business process re-engineering and automating labor-intensive and demanding paper environments. Streamline Health's applications and services are complementary to existing clinical and financial systems, and use document imaging and advanced workflow tools to ensure users can electronically access both "structured" (transaction-centric) and "unstructured" (document-centric) patient data and all the various forms of clinical and financial healthcare information from a single permanent and secure repository, including clinician's handwritten notes, laboratory reports, photographs, insurance cards, etc.

The Company's workflow solutions offer value to all of the constituents in the healthcare delivery process by enabling them to simultaneously access and utilize Streamline Health's advanced technological workflow applications to process information, on a real-time basis from virtually any

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location, including the Physician's desktop, using web-based technology. Streamline Health's solutions integrate its own proprietary imaging platform, application workflow modules and image and web-enabling tools that allow for the seamless merger of "back office" functionality with existing Clinical and Financial Information Systems at the desktop.

The Company offers its own document imaging/management infrastructure (Foundation Suite) that is built for high volume transaction processing and is specifically designed for the healthcare industry. In addition to providing access to information not previously available at the desktop, Streamline Health's applications fulfill the administrative and regulatory needs of the Health Information Management, Patient Financial Services and other hospital departments. Furthermore, these systems have been specifically designed to integrate with any Clinical Information System. For example, Streamline Health has integrated its products with selected systems from Siemens Medical Solutions USA Inc. (Siemens), Cerner Corporation, GE Healthcare (see below) applications, thus enabling customers to use our solutions without the expense of replacing entire software systems to gain the software functionality. By offering electronic access to all the patient information components of the medical record, this integration completes one of the most difficult tasks necessary to provide a true Electronic Medical Record. Streamline Health's systems deliver on-line enterprise wide access to fully updated patient information, which historically was maintained on a variety of media, including paper, magnetic disk, optical disk, and microfilm.

The Company operates in one segment as a provider of health information technology solutions that streamline healthcare information flows within a healthcare facility.

Historically, Streamline Health has derived most of its revenues from recurring application-hosting services, recurring maintenance fees, professional services and system sales involving the licensing, either directly or through remarketing partners, of its Health Information Management Workflow and Revenue Cycle Management Workflow solutions to Integrated Healthcare Delivery Networks (IDN). In a typical transaction, Streamline Health, or its remarketing partners, enter into a perpetual license or fee-for-service subscription agreement for Streamline Health's software application suite and may license or sell other third-party software and hardware components to the IDN. Additionally, Streamline Health provides professional services, including implementation, training, and product support.

Streamline Health earns its highest margins on proprietary Streamline Health software and application-hosting services and the lowest margins on third-party hardware and software. Sales to customers may include different configurations of Streamline Health software, hardware, third party software, and professional services, resulting in varying margins among contracts. The margins on professional services revenues fluctuate based upon the negotiated terms of the agreement with each customer and Streamline Health's ability to fully utilize its professional services, maintenance, and support services staff.

Beginning in 1998, Streamline Health began offering customers the ability to obtain its workflow solutions on an application-hosting basis as an Application Service Provider (ASP).

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Streamline Health established a hosting data center and installed Streamline Health's suite of workflow products, called ASPeN (Application Service Provider eHealth Network) within the hosting data center. Under this arrangement, customers electronically capture information and securely transmit the data to the hosting data center. The ASPeN services store and manage the data using Streamline Health's suite of applications, and customers can view, print, fax, and process the information from anywhere using the Streamline Health web-based applications. Streamline Health charges and recognizes revenue for these ASPeN services on a per transaction or subscription basis as information is captured, stored, retrieved and processed.

The decisions by a healthcare provider to replace, substantially modify, or upgrade its information systems are strategic decisions and often involve a large capital commitment requiring an extended approval process. Since inception, Streamline Health has experienced extended sales cycles. It is not uncommon 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 licensing, implementation and maintenance of the system, which typically takes place in one or more phases. The licensing agreements generally provide for the licensing of Streamline Health's proprietary software and third-party software with a perpetual or term license fee on either an unlimited number of users (site license) or a specific number of users (concurrent users license) that is adjusted upward depending on the number of concurrent users using the software. 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 Streamline Health's ASP services solution, the application-hosting services agreements generally provide for utilizing Streamline Health's software and third-party software on a fee per transaction or recurring subscription basis.

ASPeN services 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. Streamline Health believes that large IDN's and smaller healthcare providers are looking for this type of ASP application because of the ease of implementation and lower entry-level costs. Streamline Health believes its business model is especially well suited for the medium to small acute care facility marketplace as well as the ambulatory marketplace and is actively pursuing remarketing agreements, in addition to those discussed below, with other Healthcare information systems and staff outsourcing providers to distribute Streamline Health's workflow solutions.

Streamline Health's quarterly operating results have varied in the past and may continue to do so in the future because of various reasons including: demand for Streamline Health's products and services, long sales cycles, and extended installation and implementation cycles based on customer's schedules. Sales are often delayed because of customers' budgets and competing capital expenditure needs as well as customers' personnel resource constraints.

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Delays in anticipated sales or installations may have a significant impact on Streamline Health's quarterly revenues and operating results, because substantial portions of the operating expenses are fixed and the revenues are more variable.

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 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 customized programming provided. Revenues from maintenance services do not fluctuate significantly from quarter-to-quarter, but have been increasing, on an annual basis, as the number of customers increase. Revenues from ASP application-hosting services operations are expected to increase over time as more hospitals outsource services to Streamline Health's ASP Division, its partners begin to utilize the software, and existing customers increase the volume of documents stored on the systems and the number of retrievals increases. The loss of any current client would make it difficult to realize such increases.

The Company's revenues and operating results may also vary significantly from quarter-to-quarter because 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 implementation process and changes in the customer's financial condition or budget and the sales activities of the remarketing partners. 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 third fiscal quarter ended October 31, 2007, were \$3,994,074, compared with \$3,592,113 reported in the comparable quarter of 2006. Revenues for the nine months ended October 31, 2007, were \$10,926,689, compared with \$12,023,242 reported in the comparable prior period in 2006. The year-to-date decrease was primarily a result of decreased system sales including software licenses and hardware resulting from the delay in the signing of contracts in negotiations and the inability to recognize revenue in the second quarter on a significant new contract until such time as the site specific integration of our standard software required by the customer can be completed, which was offset to some extent by increased services, maintenance and support and application hosting revenues.

OPERATING EXPENSES

Cost of Systems Sales

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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 varies 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 nine months of fiscal 2007 and 2006 were 200% and 59%, respectively. The increased percentages reflects a significant decline in software licensing and hardware and third party software component revenues during the current quarter and year-to-date and increased capitalized software amortization during the current periods when compared to the comparable prior periods.

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 36% and 43% for the third quarter of fiscal 2007 and 2006, respectively. As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 42% and 43% for first nine months of fiscal 2007 and 2006, respectively. The decreased costs percentage reflects a significant increase in professional services revenues during the third quarter as we accelerated the implementation of contracts in our backlog.

Cost of Application-hosting services

The cost of application-hosting services operations declined for the third quarter and first nine months of 2007 when compared to the third quarter and first nine months of 2006, as the cost of providing these services is relatively fixed. As a percentage of application-hosting revenues, the cost of application-hosting was 30% and 34% for the third quarter of fiscal 2007 and 2006 and 31% and 35% for the first nine months of fiscal 2007 and 2006, respectively. The decrease in the cost percentage reflects the 10% increase in year-to-date revenues from new and existing clients combined with a 4.4% decrease in year-to-date operating costs.

Selling, General and Administrative

Selling, General and Administrative expenses consist primarily of compensation and related benefits and reimbursable travel 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 third quarter the expenses declined primarily because of a \$100,000 reduction in the reserve for doubtful accounts as the result of collecting a significantly past due account during the third quarter and first nine months of fiscal 2007. Excluding the reduction in the reserve for doubtful accounts the Selling, General and Administrative expenses were slightly more than the comparable prior periods.

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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 three quarters, research and development expenses increased 6% when compared with the comparable prior period primarily as a result of increased payroll expenses. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, approximately \$768,000 and \$556,000 of product research and development costs in the third quarter and approximately \$1,768,000 and \$1,356,000 in the first nine months of fiscal 2007 and 2006, respectively.

Operating profit (loss)

The operating profit for the third quarter of fiscal 2007 was \$16,376 compared with an operating loss of (\$296,882) in the third quarter of fiscal 2006. The decrease in the operating loss is the result of increased revenues of approximately \$352,000, primarily in professional services and application hosting revenues, offset by increased operating expenses primarily in professional services, sales and marketing and research and development. These increased expenses were offset by the reduction in the allowance for doubtful accounts by \$100,000 as a result of the collection of a significantly past due account, and a reduction of approximately \$22,000 in the warranty reserve based on current estimates of the required amount, and increased capitalized software development costs in the amount of approximately \$212,000.

The operating loss for the first nine months of fiscal 2007 was (\$1,484,550) compared with an operating loss of (\$127,368) in the first nine months of fiscal 2006. The decrease in the operating profit is the result of the lower systems sales, primarily software licensing revenues and planned increased operating expenses.

Interest income consists primarily of interest on invested cash. The decrease in interest income results from decreased average cash balances.

Interest expense relates primarily to: the long-term debt which was retired during the first quarter of 2007, interest expense on the capitalized leases, which have been prefunded (paid off early) and the commitment fee on the revolving credit facility.

Net Earnings (loss)

The net earnings for the third quarter of fiscal 2007 were \$3,231 (\$0.00 per share) compared with a net loss of (\$334,350) (\$.04 per share) in the third quarter of fiscal 2006. The decrease in the net loss is the result of the items noted above under the heading Operating Profit (Loss).

The net loss for the first nine months of fiscal 2007 was (\$1,511,385) (\$.16 per share) compared with a net loss of (\$199,501) (\$.02 per share) in the first nine months of fiscal 2006. The decrease in the net earnings is the result of the decreased systems sales, especially software

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licensing revenues, increased operating expenses, lower interest income and offset to some extent by lower interest expense, net.

Management continues to believe that the healthcare document imaging and workflow market is going to be a significant market. Management believes it has made significant 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 revenue growth.

Since commencing operations in 1989, the Company has incurred operating losses. Although the Company achieved profitability in fiscal years 1992, 1993, and 2000 through 2006, 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

During the last five fiscal years, Streamline Health has funded its operations, working capital needs, and capital expenditures primarily from a combination of cash generated by operations, a \$3,500,000 term loan in 2004 and a revolving credit facility, which has yet to be used, entered into in January 2007. Streamline Health's liquidity is dependent upon numerous factors to include: the timing and amount of revenues and collection of contractual amounts from customers, amounts invested in research and development, capital expenditures, and the level of operating expenses, all of which can vary significantly from quarter-to-quarter.

Streamline Health's customers typically have been well-established hospitals or medical facilities or major HIS companies that resell Streamline Health' products which have 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.

Streamline Health has no significant obligations for capital resources, other than the noncancelable operating leases of approximately \$1,000,000 payable over the next four years. Capital expenditures for property and equipment in 2007 are not expected to exceed \$700,000.

During the three prior fiscal years, Streamline Health has made significant investments for capital expenditures, increased its sales and marketing, product research and development and its support and consulting expenses, and made significant debt reductions. This resulted in significant net cash outlays over the last three fiscal years and to date. Although Streamline Health reduced staffing levels and related expenses during 2003 and 2004, the stringent expense controls and reduced staffing, caused by the necessity to retire the long-term debt, hampered the

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growth of revenues in fiscal year 2003 and 2004. Accordingly, to continue to achieve increasing revenues and profitability it was necessary for the Company to significantly increase sales and marketing expenses in fiscal 2005, 2006 and 2007. The Company believes that this strategic initiative to expand sales and marketing should produce improved results in the future as the expanded sales and marketing efforts begin to produce results. However, there can be no assurance Streamline Health will be able to do so. At October 31, 2007, Streamline Health had cash on hand of \$628,665.

Streamline Health carefully monitors operating expenses. As a result of the current levels of revenues and operating loss, 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 issue additional equity, or a combination thereof. 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.

Streamline Health believes that its present cash position, combined with cash generation currently anticipated from operations and a credit facility which we believe we will be able to obtain, will be sufficient to meet anticipated cash requirements for the short term. However, continued expansion of the Company will require additional resources. The Company may need to incur additional 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. However, there can be no assurance Streamline Health will be able to do so.

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

SIGNED AGREEMENTS — BACKLOG

Streamline Health, or its remarketing partners, enter into master agreements with customers to specify the scope of the system to be installed and services to be provided, the agreed upon aggregate price and the timetable for implementation. The master agreement typically provides that the Company, or its remarketing partner, 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 customers will continue in the future to expand their systems and purchase additional licenses and services, Streamline Health believes, based on its past experience, that its customers will expand their existing systems.

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At October 31, 2007, Streamline Health has master agreements, purchase orders or royalty reports from remarketing partners for systems and related services which have not been delivered, installed and accepted which, if fully performed, will generate future revenues of \$14,106,059 as follows:

Streamline Health Software Licenses	\$ 1,360,196
Custom Software	310,572
Hardware and Third Party Software	975,427
Professional Services	3,435,180
Application Hosting Services	3,187,840
Recurring Maintenance	4,836,844

The related products and services are expected to be delivered over the next two to three years.

Streamline Health'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 2004, 2005 and 2006 were approximately \$5,220,000, \$5,104,000 and \$5,617,000, respectively. Maintenance and support revenues are expected to increase in the future as more customers utilize Streamline Health's products.

The commencement of revenue recognition varies depending on the terms and conditions of the license agreement, the size and complexity of the system; the implementation schedule requested by the customer and usage by customers of the application-hosting services. Therefore, Streamline Health is unable to predict accurately 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.

Streamline Health's largest application hosting client has informed us that it is in the process of internally developing its own software application using a third party tool kit, which software the client intends to use in place of our ASP services. We believe that the client's ability to develop substitute software that would have the same robust functionality as Streamline Health's current ASP offering will be a major software development undertaking. Therefore, we are unable to determine if or when this client will discontinue the use of our ASP services. The current agreement with this client is scheduled to expire on March 31, 2008, and the Company has agreed to extend that agreement on a month to month basis for up to one additional year ending March 31, 2009.

The potential lost revenues from this client, approximately \$1.7 million annually, a termination or installation delay of one or more phases of any other significant contract, and/or Streamline Health's failure to procure additional ASP revenues or Software licensing revenues, could have a material adverse financial impact on Streamline Health's business, financial condition, and

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results of operations. We believe that Streamline Health will be able to mitigate these potential risks by obtaining additional ASP clients and/or software license revenues in the future.

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 ending January 31, 2007. The Company’s exposures to market risk have not changed materially since January 31, 2007.

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-14(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 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 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 material changes in Streamline Health’s internal control or in the other controls during the nine months ended October 31, 2007 that could materially affect, or is reasonably likely to materially affect, internal controls over financial reporting.

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

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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, 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 ending January 31, 2007. The risk factors have not materially changed since January 31, 2007. The risk factors described in the Annual Report on Form 10-K 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 is not in default under its existing Loan Agreement.

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Item 6. EXHIBITS

Exhibits

- | | |
|------|---|
| 3.1 | Certificate of Incorporation of Streamline Health Solutions, Inc. (*) |
| 3.2 | Bylaws of Streamline Health Solutions, Inc. (*) |
| 4 | Revolving Note (*) |
| 10.1 | Employment Agreement among Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc., Streamline Health, Inc. f/k/a LanVision, Inc. and Joseph O. Brown, II, effective February 1, 2004 |
| 10.2 | Employment Agreement between Streamline Health, Inc. and Gary M. Winzenread Dated July 2, 2007 |
| 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 7, 2007

By: /s/ J. Brian Patsy
J. Brian Patsy
Chief Executive Officer

DATE: December 7, 2007

By: /s/ Paul W. Bridge, Jr.
Paul W. Bridge, Jr.
Chief Financial Officer and Treasurer

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 Exhibit 3.1(b) of the Registrant's Form 10-Q, as filed with the Commission on September 8, 2006.
3.2	Bylaws of Streamline Health Solutions, Inc. Previously filed with the Commission and incorporated herein by reference from Exhibit 3.2 of the Registrant's Form 10-Q, as filed with the Commission on June 5, 2007.
4	Revolving Note, and associated documents, dated January 20, 2007, between Streamline Health, Inc. (a wholly owned subsidiary of the Registrant) and the Fifth Third Bank. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10 of the Registrant's Form 8-K, as filed with the commission on January 25, 2007.)
10.1	Employment Agreement among Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc., Streamline Health, Inc. f/k/a LanVision, Inc. and Joseph O. Brown, II, effective February 1, 2004
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STEAMLINE HEALTH SOLUTIONS, INC.

Employment Agreement among Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc., Streamline Health, Inc. f/k/a LanVision, Inc. and Joseph O. Brown, II, effective February 1, 2004

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** ("Agreement") is entered into effective as of the 1st of February, 2004, by and among LanVision Systems, Inc., a Delaware corporation ("Parent"), LanVision, Inc., an Ohio corporation ("Company") and Joseph O. Brown II ("Employee").

RECITALS:

A. Parent and the Company mutually desire to employ Employee as Chief Information Officer to perform information services for Parent and the Company; and

B. Employee possesses certain skills and expertise and desires to provide services to Parent and the Company as Chief Information Officer.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. EMPLOYMENT

Parent and the Company hereby agree to employ Employee, and Employee, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. POSITION AND DUTIES

During the term of this Agreement, Employee shall be employed in the position of Chief Information Officer of each of Parent and the Company. While employed hereunder, Employee shall do all things necessary, legal and incident to the above position, and otherwise shall perform such functions as the President of Parent or the Company may establish from time to time. Without limiting the foregoing, Employee shall be the Chief Information Officer of each of Parent and the Company and will be responsible for, perform and direct all duties consistent therewith. Employee shall report to the Company's President and/or such other officers as designated by Parent in its discretion.

3. COMPENSATION

Subject to such modifications as may be approved from time to time by the Board of Directors or officers of Parent, the Employee shall receive the compensation and benefits listed on the attached Exhibit A. Such compensation shall be paid by Parent or the Company, at the discretion of Parent.

4. EXPENSES

Parent or the Company shall pay or reimburse Employee for all travel and out-of-pocket expenses reasonably incurred or paid by Employee in connection with the performance of Employee's duties as an employee of Parent or the Company, respectively, upon compliance with the Company's procedures for expense reimbursement including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require.

5. PRIOR EMPLOYMENT

The Employee warrants and represents to Parent and the Company (i) that the Employee will take no action in violation of any employment agreement or arrangement with any prior employer, (ii) that the Employee has disclosed to Parent and the Company all such prior written agreements, (iii) that any employment agreement or arrangement with any prior employer is null and void and of no effect, and (iv) that the Employee has the full right and authority to enter into this Agreement and to perform all of the Employee's obligations hereunder. The Employee agrees to indemnify and hold Parent and the Company harmless from and against any and all claims, liabilities or expenses incurred by Parent and/or the Company as a result of any claim made by any prior employer arising out of this Agreement or the employment of the Employee by Parent and the Company.

6. OUTSIDE EMPLOYMENT

Employee shall devote Employee's full time and attention to the performance of the duties incident to Employee's position with Parent and the Company, and shall not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Employee's duty to devote Employee's full time and attention to Parent and Company matters, provided that, the foregoing shall not prevent the Employee from participating in any charitable or civic organization that does not interfere with Employee's performance of the duties and responsibilities to be performed by Employee under this Agreement.

7. CONFIDENTIAL INFORMATION

Employee shall not, during the term of this Agreement or at any time thereafter, disclose, or cause to be disclosed, in any way Confidential Information, or any part thereof, to any person, firm, corporation, association, or any other operation or entity, or use the Confidential Information on Employee's own behalf, for any reason or purpose. Employee further agrees that, during the term of this Agreement or at any time thereafter, Employee will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of the Confidential Information, except on behalf of Parent or the Company in Employee's capacity as an employee of Parent and the Company. Employee shall take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Employee hereby assumes responsibility for and shall indemnify and hold Parent and/or the Company harmless from and against any disclosure or use of the Confidential Information in violation of this Agreement.

For the purpose of this Agreement, "Confidential Information" shall mean any written or unwritten information which specifically relates to and or is used in Parent's or the Company's business (including without limitation, Parent's or the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computer, engineering, research, development, applications, financial information, information regarding services and products in development, market information including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom Parent and/or the Company does or has in the past done, business, regardless of when and by whom such information was developed or acquired) which Parent or the Company deems confidential and proprietary which is generally not known to others outside Parent or the Company and which gives or tends to give Parent or the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to Parent and/or the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable. Provided, however, that "Confidential Information" shall not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Employee has lawfully acquired from a source other than Parent or the Company, or information which is required to be disclosed pursuant to any law, regulation, or rule of any governmental body or authority or court order. Employee acknowledges that the Confidential Information is novel, proprietary to and of considerable value to Parent and the Company.

Employee agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by Parent and/or the Company.

Employee agrees that, upon the request of Parent or the Company, Employee will immediately deliver up to the requesting entity all Confidential Information in Employee's possession and/or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies, relating to or containing Confidential Information. Employee does not have, nor can Employee acquire any property or other right in the Confidential Information.

8. PROPERTY OF PARENT AND THE COMPANY

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically improvements to existing inventions, conceived by the Employee, alone or with others, during the term of the Employee's employment, whether or not during working hours and whether or not while working on a specific project, that are within the scope of Parent's or the Company's business operations or that relate to any work or projects of Parent or the Company, are and shall remain the exclusive property of Parent and the Company. Inventions, improvements and discoveries relating to the business of Parent or the Company conceived or made by the Employee, either alone or with others, while employed with Parent and the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of Parent and the Company. The Employee shall promptly disclose in writing any such matters to Parent and the Company but to no other person without the consent of Parent. The Employee hereby assigns and agrees to assign all right, title, and interest in and to such matters to the Company. The Employee will, upon request of Parent, execute such assignments or other instruments and assist Parent and the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

9. NON-COMPETITION AGREEMENT

(A) During the term of this Agreement and for a period of one year after the termination date of this Agreement (whether such termination be with or without cause), Employee agrees that he will not directly or indirectly, own, operate or otherwise work for or participate in any competitive business in the United States which designs, develops, manufactures or markets any product or service that in any way competes with Parent's or the Company's business, products or services as conducted, or planned to be conducted, on the date of termination (a "Competitive Business").

(B) During the term of this Agreement and for a period ending one year from the termination of Employee's employment with Parent and the Company, whether by reason of the expiration of the term of this Agreement, resignation, discharge by Parent and the Company or otherwise, Employee hereby agrees that Employee will not, directly or indirectly:

(i) solicit, otherwise attempt to employ or contract with any current or future employee of Parent or the Company for employment or otherwise in any Competitive Business or otherwise offer any inducement to any current or future employee of Parent or the Company to leave Parent's or the Company's employ; or

(ii) contact or solicit any customer or client of Parent or the Company (an "Existing Customer"), contact or solicit any individual or business entity with whom Parent or the Company has directly communicated for the purpose of rendering services prior to the effective date of such termination (a "Potential Customer"), or otherwise provide any other products or services for any Existing Customer or Potential Customer of Parent or the Company, on behalf of a Competitive Business or in a manner that is competitive to the Parent's or the Company's business; or

(iii) Use or divulge to anyone any information about the identity of Parent's or the Company's customers or suppliers (including without limitation, mental or written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans, or any other Confidential Information.

(C) For the purpose of this Agreement, Competitive Business shall mean any business operation (including a sole proprietorship) in the United States which designs, develops, manufactures or markets any product or service that in any way competes with Parent's or the Company's health information access system business, products or services as conducted, or contemplated to be conducted, on the date of termination.

10. **TERM**

Unless earlier terminated pursuant to Section 11 hereof, the term of this Agreement shall be for the time period beginning February 1, 2004, the date hereof, and continuing through January 31, 2005 (the "Term"), unless, during the Term of this agreement, or any extension thereof, there is a change in control as defined in Section 13 herein, at which time the then current Expiration Date will be extended to be one year from the date of the change in control. On January 31, 2005, or the Expiration Date resulting from a change in control, whichever is later, and on each annual Expiration Date thereafter, (each such date being hereinafter referred to as the "Renewal Date"), the term of employment hereunder shall automatically renew for an additional one (1) year period unless the Company notifies Employee in writing at least 90 days prior to the applicable Renewal Date that the Company does not wish to renew this agreement beyond the expiration of the then current term. Unless waived in writing by the Company, the requirements of Sections 7 (Confidential Agreement), 8 (Property of Parent and the Company) and 9 (Non-Competition Agreement) shall survive the expiration or termination of this Agreement for any reason.

11. **TERMINATION.**

(A) **Death.** This Agreement and Employee's employment thereunder shall be terminated on the death of Employee, effective as of the date of Employee's death.

(B) **Continued Disability.** This Agreement and Employee's employment thereunder may be terminated, at the option of Parent, upon a Continued Disability of Employee, effective as of

the date of the determination of Continued Disability as that term is hereinafter defined. For the purposes of this Agreement, "Continued Disability" shall be defined as the inability or incapacity (either mental or physical) of Employee to continue to perform Employee's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Employee shall have been unable to perform Employee's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Employee is unable to perform the essential functions of Employee's job shall be made by Parent's Board of Directors in its reasonable discretion; provided, however, that if Employee is not satisfied with the decision of the Board, Employee will submit to examination by three competent physicians who practice in the metropolitan area in which the Employee then resides, one of whom shall be selected by Parent, another of whom shall be selected by Employee, with the third to be selected by the physicians so selected. The decision of a majority of the physicians so selected shall supersede the decision of the Board and shall be final and conclusive.

(C) Termination For Good Cause. Notwithstanding any other provision of this Agreement, Parent may at any time immediately terminate this Agreement and Employee's employment thereunder for Good Cause. For this purpose, "Good Cause" shall include the following: the current use of illegal drugs; indictment for any crime involving moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which would adversely impact the business or reputation of Parent or the Company; fraud; misappropriation or embezzlement of Parent or Company funds or property; willful conduct which is materially injurious to the reputation, business or business relationships of Parent or the Company; or material violation of any of the provisions of this Agreement. Any alleged cause for termination shall be delivered in writing to Employee stating the full basis for such cause along with any notice of such termination.

(D) Termination Without Good Cause. Parent or the Company may terminate Employee's employment prior to the Expiration Date at any time, whether or not for Good Cause (as "Good Cause" is defined in Section 11(C) above). In the event Parent or the Company terminates Employee without cause, Parent or the Company will pay Employee a lump sum amount equal to sixty percent (60%) times the Employee's then current annual salary [to include 60% of the then current base compensation and 60% of the higher of the bonuses paid to Employee during that prior fiscal year or earned in the then current fiscal year to date] at the time of termination. Such severance payment shall be paid within 90 days following the date of Employee's termination.

12. CHANGE IN CONTROL; ACCELERATED VESTING SCHEDULES

In the event that, within twelve months of a change in control of Parent, Employee's employment by Parent and the Company is terminated prior to the end of the Term or Employee terminates his employment due to a material reduction in his duties or compensation, (1) all stock options granted to Employee shall immediately vest in full, and (2) Parent or the Company will pay Employee a lump sum amount equal to sixty percent (60%) times the Employee's then

current annual salary at the time of termination. For purposes of this Agreement, “change in control” means any of the following events:

(a) A change in control of the direction and administration of Parent’s business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the “1934 Act”), as in effect on the date hereof and any successor provision of the regulations under the 1934 Act, whether or not Parent is then subject to such reporting requirements; or

(b) Any “person” (as such term is used in §13(d) and §14(d)(2) of the 1934 Act but excluding any employee benefit plan of Parent) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Parent representing more than one half of the combined voting power of Parent’s outstanding securities then entitled to vote for the election of directors; or

(c) Parent shall sell all or substantially all of the assets of Parent; or

(d) Parent shall participate in a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the 1996 LanVision Systems, Inc. Employee Stock Option Plan and/or results in the occurrence of any event described in clause (a), (b) or (c) above.

13. ACKNOWLEDGEMENTS

Parent, the Company and Employee each hereby acknowledge and agree as follows:

(A) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration and geographic scope;

(B) In the event of a breach or threatened breach by Employee of any of the covenants, restrictions, agreements and obligations set forth in Section 7, 8 and/or 9, monetary damages or the other remedies at law that may be available to Parent and/or the Company for such breach or threatened breach will be inadequate and, without prejudice to Parent’s or the Company’s right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Employee, Parent and/or the Company will be entitled to injunctive relief from a court of competent jurisdiction; and

(C) The time period and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period and/or geographical area, they

will be valid and enforceable in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. The Employee agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with Parent and the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated shall not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

14. **NOTICES**

Any notice or communication required or permitted hereunder shall be given in writing and shall be sufficiently given if delivered personally or sent by telecopier to such party addressed as follows:

(A) In the case of Parent or the Company, if addressed to it as follows:

LanVision Systems, Inc.
5481 Creek Road
Cincinnati, Ohio 45242
Attn: J. Brian Patsy

(B) In the case of Employee, if addressed to Employee at:

Joseph O. Brown II
7507 Kousa Court
Mason, OH 45040

Any such notice delivered personally or by telecopier shall be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

15. **ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. Parent and the Company may assign or otherwise transfer their rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may the duties hereunder be delegated by Employee. In the event that Parent and the Company assign or otherwise transfer their rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, "Parent" and the "Company" shall then be deemed to include the successor or affiliated business

or corporation to which Parent and the Company, respectively, assigned or otherwise transferred their rights hereunder.

16. MODIFICATION

This Agreement may not be released, discharged, abandoned, changed, or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

17. SEVERABILITY

The invalidity or unenforceability of any particular provision of this Agreement shall not affect any other provisions hereof, and this Agreement shall be construed in all respects as if any such invalid provision were omitted herefrom.

18. COUNTERPARTS

This Agreement may be signed in counterparts and each of such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one in the same instrument.

19. DISPUTE RESOLUTION

Except as set forth in Section 13 above, any and all disputes arising out of or in connection with the execution, interpretation, performance, or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), shall be submitted to and resolved by arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by certified mail and shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration shall be Cincinnati, Ohio.

20. GOVERNING LAW

The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio and the laws of the United States applicable therein. The Employee acknowledges and agrees that Employee is subject to personal jurisdiction in state and federal courts in Hamilton County, Ohio.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

LANVISION SYSTEMS, INC.

By: /s/ J. Brian Patsy

Its: Chairman and CEO

LANVISION, INC.

By: /s/ J. Brian Patsy

Its: Chairman and CEO

EMPLOYEE

/s/ Joseph O. Brown, II

Joseph O. Brown II

EXHIBIT A — COMPENSATION AND BENEFITS

Employee: Joseph O. Brown II

Term: 2/1/04 to 1/31/05

Salary: Minimum Annual Base Salary — \$129,556

Thereafter, the Parent's Board of Directors, or Compensation Committee thereof, may annually adjust Employee's base salary upward and Employee will be eligible to participate in any bonus plan implemented by the Parent's Board of Directors, or Compensation Committee thereof, at such level as the Board or Committee deems appropriate.

Stock Options:

Parent agrees that Employee shall be eligible to participate in the LanVision Systems, Inc. Employee Stock Option Plan and to receive additional grants as the Parent's Board of Directors may determine appropriate from time to time hereafter.

Benefits:

Employee shall be eligible to participate in all other employee fringe benefit plans of Parent or the Company (but not both if Parent and Company have separate plans providing benefits that may be similar in nature), to the same extent and at the same levels as other officers of Parent or the Company are then participating.

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is entered into between Streamline Health, Inc. and Gary Winzenread (“Employee”), based on the following terms and conditions:

Term of Employment. This Agreement establishes a contract for employment-at-will and is effective as of the date that it becomes signed by both parties.

During the first 90 days after Employee begins working for Streamline Health, Inc. under this Agreement (“Initial Period”), employment may be terminated by Streamline Health for any reason or no reason immediately upon written notice. Employment may be terminated by Streamline Health after the Initial Period, or by Employee at any time, for any reason or no reason on 14 days’ prior written notice. Employee acknowledges that continued employment with Streamline Health, Inc. is not guaranteed.

Employment Responsibilities. Employee shall be employed in the capacity and in the location identified in the offer letter a copy of which is attached to this Agreement (“Offer Letter”). Streamline Health reserves the right to modify Employee’s employment duties and employment location in accordance with Streamline Health’s needs. While employed by Streamline Health, Employee shall not render any services of a business nature to any other person or entity, for compensation, without the prior written consent of Streamline Health. Such consent shall not be unreasonably withheld.

Compensation. Beginning with Employee’s first day of work for Streamline Health, Employee shall earn compensation as set forth in the Offer Letter. Employee’s compensation shall be subject to change based upon merit and/or modification of Employee’s duties as determined by Streamline Health. Base salary shall be payable in semi-monthly installments. Any applicable bonuses, commissions, or other compensation shall be paid in accordance with the applicable compensation plan. Employee authorizes Streamline Health to withhold from any compensation or other payments due to Employee any amounts rightfully owed by Employee to Streamline Health.

Employee Benefits. Employee shall be entitled to participate in the employee benefit plans made available by Streamline Health in accordance with the terms and conditions of such benefit plans; provided, however, that any benefits made available to Employee during the course of employment shall not be considered to be a vested right, unless specifically so provided by the applicable benefit plan. Employee shall also be entitled to vacation, holidays, and other paid time off in accordance with Streamline Health’s applicable then-current policies, which are subject to change, at Streamline Health’s sole discretion, without prior notice. Depending on Employee’s status of employment, Employee may not be entitled to any benefits. The

Employee Handbook summarizes the employee benefits and policies presently offered by Streamline Health. The Employee Handbook is provided for informational purposes only, is subject to modification at Streamline Health's discretion, is not part of this Agreement, and does not constitute a contract between Streamline Health and Employee.

Employee Research and Development. Employee shall promptly and fully disclose to Streamline Health any and all ideas, concepts, techniques, inventions, processes, developments, improvements, innovations, discoveries, and/or works of authorship, conceived, developed, or created by Employee, either solely or jointly with others, during the course of Employee's employment with Streamline Health (collectively, "Work Product"). All Work Product and all related copyrights, patents, trade secrets, and other intellectual property rights (collectively, "Intellectual Property") shall be the exclusive property of Streamline Health. Employee automatically assigns to Streamline Health, its successors, assigns, or nominees, at the time of creation of the Work Product, all of Employee's right, title, and interest in the Work Product and the Intellectual Property, without any requirement of further consideration. In addition, Employee waives all moral rights and similar rights in the Work Product and the Intellectual Property. Employee shall take all further actions, including execution and delivery of documents, necessary or appropriate to give effect to the provisions of this Section 5.

Nondisclosure Obligations.

- 1.1 *Trade Secrets and Confidential Business Information.* Employee acknowledges that during Employee's employment with Streamline Health, Inc., Employee will receive, develop, or otherwise acquire, information concerning trade secrets and other confidential business information belonging to Streamline Health, its affiliated companies, its customers, and other third parties with whom Streamline Health does business. For purposes of this Agreement, trade secrets and confidential business information shall include, but shall not be limited to, software systems, product specifications, technical information, ideas, know-how, product plans, business plans, market research, processes, procedures, pricing, business affairs, financial information, customer lists and data, customer agreements, customers' information, supplier agreements, and suppliers' information. During and after employment with Streamline Health, Employee shall not disclose and shall not give access to the trade secrets or confidential business information of Streamline Health, its affiliated companies, customers, or other third parties with whom Streamline Health does business, to any third party; and shall not use such information in any way, except in the course of performing Employee's duties with Streamline Health or as otherwise authorized in writing by Streamline Health.
- 1.2 *Protected Health Information.* Employee acknowledges that Streamline Health does business with various health care organizations, and, as a result, Employee may have access to Protected Health Information, as defined below, that is required to be kept confidential in accordance with the Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder, as the same may be amended from time

to time, (collectively, "HIPAA"). "Protected Health Information" or "PHI" means information transmitted by or maintained in electronic media or any other form or medium, including demographic information collected from an individual, that (a) relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; (b) identifies the individual, or with respect to which, there is a reasonable basis for believing that the information can be used to identify the individual; and (c) is received by Employee from or on behalf of Streamline Health or a Streamline Health customer or supplier, or is created by Employee, or is made accessible to Employee by Streamline Health or a Streamline Health customer or supplier. Employee shall maintain the privacy, security, and confidentiality of all PHI, in accordance with HIPAA and this Agreement.

1.3 *Particular Obligations.* Without limiting in any way the obligations set forth in Paragraphs 1.1 and 1.2 above and their general application, Employee shall protect the trade secrets, confidential business information, and PHI by:

1.3.1 Always using such information only for the purpose of performing Employee's employment duties.

1.3.2 Never sharing user ID's, passwords, dial-in phone numbers, and other access information with any unauthorized person, or storing such access information in a location accessible to unauthorized persons.

1.3.3 Never accessing such information for Employee's or any third party's personal curiosity, interest, or advantage.

1.3.4 Always limiting disclosure of and access to such information to only those having the legal authority to see and the need to know such information.

1.3.5 Always storing information in a place physically secure from unauthorized access.

1.3.6 Never removing such information from the work area without proper authorization.

1.3.7 When disposal of such information is necessary and allowed, always disposing of it using a Streamline Health-approved method of disposal, e.g., shredding it in a shredder, and never disposing of it in wastebaskets or recycling bins without first shredding it in a shredder.

1.3.8 Always reporting to Streamline Health's Human Resources Department any acts or omissions by Employee or any other person that are contrary to HIPAA or the provisions of this Agreement.

1.3.9 Always complying with the then-current policies and procedures instituted by Streamline Health to protect such information.

1.4 *Survival.* The obligations under this Section 0 shall survive termination of this Agreement.

Restrictive Covenant. During the course of employment and for a period of one year following the termination of this Agreement, whether terminated by Streamline Health or Employee, Employee shall not:

- 1.5 Enter into or engage in competition with the business of Streamline Health or its affiliated companies, directly or indirectly, either as an employee, independent contractor, consultant, partner, joint venturer, sole proprietor, officer, director, or significant shareholder of any business or organization doing business in competition with the business of Streamline Health or its affiliated companies;
- 1.6 Call on, solicit, or attempt to take away any customers, potential customers, or suppliers of Streamline Health or its affiliated companies on whom Employee called or with whom Employee became acquainted during Employee's employment with Streamline Health; or
- 1.7 Solicit or attempt to persuade other employees or contractors of Streamline Health or its affiliated companies to leave their employment, or employ or otherwise retain such employees or contractors, directly or indirectly.

Return of Streamline Health Property. Upon the termination of this Agreement, Employee shall surrender to Streamline Health all software, documents, records, files, equipment, diskettes, tapes, and other materials of any type whatsoever, as well as any copies of them, in Employee's possession belonging to Streamline Health, its affiliated companies, its customers and potential customers, or its suppliers, agents, licensors, and licensees. In addition to all legal remedies Streamline Health has, if Employee fails to return any such property to Streamline Health, Employee authorizes Streamline Health to withhold from any payments due to Employee an amount equal to the then fair market value of the property not returned, until such time as the property is returned.

General.

- 1.8 *Employee Breach.* Employee acknowledges that a breach of Employee's employment obligations may result in irreparable harm to Streamline Health, entitling Streamline Health to injunctive relief, in addition to any other available legal remedies, including the recovery of monetary damages from Employee.
- 1.9 *Employee Warranty.* Employee warrants that Employee's acceptance of employment with Streamline Health does not constitute a breach of any agreement, including any prior employment agreement of Employee.
- 1.10 *Waiver.* The failure of either party to act upon any right, remedy, or breach of this Agreement shall not constitute a waiver of that or any other right, remedy, or breach. No waiver shall be effective unless made in writing and signed by the waiving party.

- 1.11 *Dispute Resolution and Governing Law.* All disputes involving a claim for money damages arising out of Employee's employment, whether based in contract, tort, or statutory law, shall be resolved exclusively by arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association to be held in Cincinnati, Ohio. The arbitrator may award damages only for actual losses suffered by the injured party. The prevailing party in any arbitration or litigation proceedings related to this Agreement shall be entitled to an award of reasonable legal fees. This Agreement, including any dispute resolution proceedings under it, shall be governed by and construed in accordance with the laws of the State of Ohio, excluding its conflict of laws principles.
- 1.12 *Provisions Severable.* The provisions of this Agreement are severable. If any provision is held to be invalid, unenforceable, or void, the remaining provisions shall not as a result be invalidated.
- 1.13 *Voluntary Agreement.* Employee represents that Employee has read and understands this Agreement and has been given the opportunity to consult with legal counsel concerning the terms of this Agreement.
- 1.14 *Entire Agreement.* This Agreement constitutes the entire agreement and understanding between the parties with respect to Employee's employment and supersedes any and all other previous agreements related to such employment. The Offer Letter is incorporated into and made a part of this Agreement by reference. Except as otherwise provided in this Agreement, this Agreement may not be amended, in whole or in part, except by a writing that specifically references this Agreement and is signed by the parties.

Employee	Streamline Health, Inc.
By: <u>/s/ Gary Winzenread</u> (Signature)	By: <u>/s/ Paul W. Bridge, Jr.</u> (Signature)
<u>Gary Winzenread</u> (Name Typed or Printed)	<u>Paul W. Bridge, Jr.</u> (Name Typed or Printed)
<u>6/19/07</u> (Date)	<u>Director, Human Resources</u> (Title)
	<u>2 JULY 07</u> (Date)

[Attachment: Copy of signed Offer Letter]

June 5, 2007

Mr. Gary Winzenread
7315 Charter Cup Lane
West Chester, Ohio 45069

Dear Mr. Winzenread:

It is with great pleasure that we extend to you this formal offer of employment. The offer is as follows:

1. Position: Vice President-Product Strategy in our corporate office, reporting to Brian Patsy.
2. Status: Full time
3. Start Date: June 18, 2007
4. Compensation: \$175,000 annually, to be paid semimonthly on the 15th and last days of the month and an annual bonus target amount of up to \$50,000.
5. Benefits: Eligibility to participate in our medical, dental, and disability insurance benefit plans, our flexible spending account plan, our 401(k) plan, and our employee stock purchase plan under the current requirements of the plans. A brief Summary of Benefits is enclosed. You will also be provided an automobile allowance of \$400.00 per month.
6. Paid Time Off: Vacation, holidays, and other paid time off in accordance with our standard policies, with the following exceptions:
 - Effective your first day of employment, you will earn vacation at the rate of four (4) weeks per year.
7. Enclosures: The following policies are enclosed and must be read and the acknowledgement returned (only return the signed acknowledgement and keep the policies for your records) with the signed Employee Agreement. :
 - Streamline Health, Inc. Systems Inc. Code of Conduct and Ethics
 - Corporate Policy Statement Regarding Disclosure & Confidentiality
 - Insider Trading Guidelines
 - Streamline Health, Inc. Corporate Security Policy.

You will be subject to a background security check. Continued employment may be contingent upon the results of the check.

Please accept this offer by signing and returning the two enclosed Employment Agreement originals, the Acknowledgement pages for the Code of Ethics, the Corporate Policy Statement Regarding Disclosure and Confidentiality, the Insider Trading Guidelines, and the Corporate Security Policy to Cheryl Fritz, Human Resources Department, in the self-addressed envelope. In order to prepare for your arrival at Streamline Health, please call (513) 794-7200 and notify the Human Resources department that you have accepted the offer. This offer is open for acceptance for seven days after the date of this letter. If this offer is accepted please remember to bring your social security card and birth certificate or driver's license on your first day of employment. We look forward to hearing from you.

Sincerely,

STREAMLINE HEALTH, INC.

/s/ Paul W. Bridge, jr.

By: Paul W. Bridge, Jr.

Director, Human Resources

cc: Brian Patsy

EXHIBIT 11

STREAMLINE HEALTH SOLUTIONS, INC.

Computation of earnings (loss) per share

For the three and nine months ended October 31, 2007 and 2006

	Three Months		Nine Months	
	2007	2006	2007	2006
Net earnings (loss)	\$ 3,231	\$ (334,350)	\$ (1,511,385)	\$ (199,501)
Average shares outstanding	9,245,320	9,211,399	9,227,526	9,190,028
Stock options & purchase plan:				
Total options & purchase plan shares	361,683	—	—	—
Warrants assumed converted	—	—	—	—
Assumed treasury stock buyback	(245,814)	—	—	—
Convertible redeemable preferred stock assumed converted	—	—	—	—
Number of shares used in per common share computation	<u>9,361,189</u>	<u>9,211,399</u>	<u>9,227,526</u>	<u>9,190,028</u>
Basic net earnings (loss) per share of common stock	<u>\$ 0.00</u>	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Diluted net earnings (loss) per share of common stock	<u>\$ 0.00</u>	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>

Exhibit 31.1

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:

1. I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements 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 quarterly report;
3. 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;
4. The registrant's other certifying officers 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)), for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d — 15(f)) for the registrant and have:
 - a) 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;
 - b) 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 principals;

- c) 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, as of the end of the period covered by this report based on such evaluation; and
 - d) 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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:
- a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

December 7, 2007

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

EXHIBIT 31.2

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, Paul W. Bridge, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Streamline Health Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements 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 quarterly report;
3. 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;
4. The registrant's other certifying officers 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)), for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d — 15(f)) for the registrant and have:
 - a. 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;
 - b. 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 principals;

- c. 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, as of the end of the period covered by this report based on such evaluation; and
 - d. 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. 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:
- a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

December 7, 2007

/s/ Paul W. Bridge, Jr.

Chief Financial Officer and
Treasurer

EXHIBIT 32.1

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, Chairman of the Board, 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, 2007 (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 7, 2007

/s/ J. Brian Patsy

Chairman of the Board,
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.

EXHIBIT 32.2

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, Paul W. Bridge, Jr., 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, 2007 (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 7, 2007

/s/ Paul W. Bridge, Jr.
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.