UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2002

or

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

For the transition period from ______________ to ______________

Commission File Number: 0-28132

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

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

5481 Creek Road
Cincinnati, Ohio 45242-4001
(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 X No ---

Number of shares of Registrant's Common Stock ($.01 par value per share) issued and outstanding, as of May 31, 2002: 8,922,279.

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Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

Assets

	(Unaudited) April 30, 2002	(Audited) January 31, 2002
Current assets:		
Cash and cash equivalents (restricted by long-term debt agreement)	$ 6,899,878	$ 7,865,053
Accounts receivable, net of allowance for doubtful accounts of $400,000, respectively	1,867,070	1,451,027
Unbilled receivables	1,709,062	1,742,785
Prepaid expenses related to unrecognized revenue	75,949	113,081
Other	280,214	201,962
Total current assets	10,832,173	11,373,908
Property and equipment:		
Computer equipment	1,952,417	1,875,590
Computer software	475,282	421,962
Office furniture, fixtures and equipment	1,139,457	1,139,457
Leasehold improvements	117,795	117,795
	3,684,951	3,554,804
Accumulated depreciation and amortization	(3,122,881)	(3,048,793)
	562,070	506,011
Capitalized software development costs, net of accumulated amortization of $1,800,228 and $1,700,228, respectively	1,239,701	1,189,701
Installment receivables	267,969	267,969
Other	158,042	171,516
	$ 13,059,955	$ 13,509,105

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Equity

	(Unaudited) April 30, 2002	(Audited) January 31, 2002
Current liabilities:		
Accounts payable	$ 437,830	$ 230,571
Accrued compensation	381,657	235,958
Accrued other expenses	1,322,722	1,525,096
Deferred revenues	1,356,678	1,371,200
Current portion of long-term debt	2,000,000	2,000,000
Total current liabilities	5,498,887	5,362,825
Long-term debt	2,500,000	3,000,000
Long-term accrued interest	2,056,317	2,239,798
Convertible redeemable preferred stock, $.01 par value per share 5,000,000 shares authorized	--	--
Stockholders' equity:		
Common stock, $.01 par value per share, 25,000,000 shares authorized, 8,913,947 shares issued	89,139	89,139
Capital in excess of par value	34,787,849	34,787,849
Accumulated (deficit)	(31,872,237)	(31,970,506)
Total stockholders' equity	3,004,751	2,906,482
	$ 13,059,955	$ 13,509,105

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended April 30,

(Unaudited)

	Three Months Ended	
	2002	2001
Revenues:		
Systems sales	$ 1,437,354	$ 1,056,980
Services, maintenance and support	1,400,869	1,464,307
Application-hosting services	194,996	191,116
Total revenues	3,033,219	2,712,403
Operating expenses:		
Cost of systems sales	366,201	150,431
Cost of services, maintenance and support	718,410	746,117
Cost of application-hosting services	66,649	85,505
Selling, general and administrative	843,527	705,244
Product research and development	507,080	552,146
Total operating expenses	2,501,867	2,239,443
Operating profit	531,352	472,960
Other income (expense):		
Interest income	29,923	104,432
Interest expense	(476,006)	(475,851)
Earnings before income taxes	85,269	101,541
Income tax provision (benefit)	(13,000)	--
Net income	$ 98,269	$ 101,541
Basic net income per common share	$ .01	$ .01
Diluted net income per common share	$ .01	$ .01
Number of shares used in per common share computations:		
Basic	8,913,947	8,879,241
Diluted	9,232,807	8,969,919

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended April 30,

(Unaudited)

	2002	2001
Operating activities:		
Net income	$ 98,269	$ 101,541
Adjustments to reconcile net income to net cash (used for) operating activities:		
Depreciation and amortization	174,088	180,040
(Decrease) increase in long-term accrued interest	(183,481)	(218,303)
Cash (used for) provided by assets and liabilities:		
Accounts and unbilled receivables	(382,320)	293,644
Other current assets	(41,120)	(98,476)
Accounts payable and accrued expenses	150,584	(85,472)
Deferred revenues	(14,522)	(437,039)
Net cash (used for) operating activities	(198,502)	(264,065)
Investing activities:		
Purchases of property and equipment	(130,147)	(145,694)
Capitalization of software development costs	(150,000)	(125,000)
Payment on note receivable	--	75,000
Other	13,474	17,776
Net cash (used for) investing activities	(266,673)	(177,918)
Financing activities:		
Repayment of long-term debt	(500,000)	--
Net cash (used for) financing activities	(500,000)	--
(Decrease) in cash and cash equivalents	(965,175)	(441,983)
Cash and cash equivalents at beginning of period	7,865,053	8,549,732
Cash and cash equivalents at end of period	$ 6,899,878	$ 8,107,749
Supplemental cash flow disclosures:		
Interest paid	$ 650,167	$ 680,000

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 - BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by the Company without audit, in accordance with accounting principles generally accepted in the United States for interim financial information, pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the LanVision Systems, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three months ended April 30, 2002, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2003.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is presented beginning on page 23 of its 2001 Annual Report to Stockholders. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report to Stockholders when reviewing interim financial results. There has been no material change in the accounting policies followed by the Company during fiscal year 2002.

Beginning in fiscal year 2002, certain expenses that were previously classified as cost of services, maintenance and support and selling, general and administrative expenses have been reclassified to product research and development. Prior year amounts have been reclassified to conform to the 2002 financial statement presentation.

Note 3 - CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The decrease in cash and cash equivalents results primarily from the payment of $500,000 in long-term debt and $500,000 on long-term accrued interest on the outstanding debt during the quarter.

The increase in accounts receivable, net is due to higher royalties due from a remarketing partner at the end of the quarter.

Other current assets consist of software and hardware awaiting installation (related to unrecognized revenue) and prepaid expenses, including commissions.

The increase in property and equipment, net, is primarily the result of the acquisition of computer equipment and software necessary to support current customers.

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

The increase in accounts payable results primarily from the delivery of hardware to new customers in April, the invoices for which were not paid at the quarter end.

The increase in accrued compensation results primarily from the increase in the accrual for first quarter bonuses payable under the employee bonus plans.

The decrease in accrued other expenses relates to the settlement of certain accrued obligations during the quarter.

The decrease in deferred revenues results from the recognition of revenue related to billings to customers recorded prior to revenue recognition.

The decrease in long-term accrued interest results from the special payment of $500,000 of such interest at the time the loan agreement was amended, during the first quarter, to set the financial covenants for fiscal 2002, net of the normal increase in the deferred interest payable under the loan.

Note 4 - STOCK OPTIONS

During the first three months of the current fiscal year, the Company granted no stock options under any Stock Option Plan. During the same period no options were forfeited under all plans and no stock options were exercised during the quarter.

Note 5 - EARNINGS PER SHARE

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

The diluted net income per common share calculation, is based on the weighted average number of common shares outstanding adjusted for the dilutive effect of stock options (318,860 option shares in 2002, and 90,678 option shares in 2001) The Company had approximately 103,775 option shares outstanding at April 30, 2002 that were not included in the diluted net income per share calculation as the inclusion thereof would be antidilutive.

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

In addition to historical information contained herein, this Discussion and Analysis, as well as other Items in this Form 10-Q, contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, included herein. These risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell LanVision products, the ability of the Company to control costs, availability of products produced from third party vendors, the healthcare regulatory environment, healthcare information systems budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results and other risks detailed from time to time in the LanVision Systems, Inc. filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

RESULTS OF OPERATIONS

GENERAL

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

Historically, LanVision has derived its revenues from systems sales involving the licensing, either directly or through remarketing partners, of its Electronic Medical Record solution to Integrated Healthcare Delivery Networks (IDN). In a typical transaction, LanVision, or its remarketing partners, enter into a perpetual or term license or fee-for-service agreement for LanVision's Electronic Medical Record software suite and may license or sell other third-party software and hardware components to the IDN. Additionally, LanVision, or its remarketing partners provide professional services, including implementation, training and product support.

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

Beginning in 1998, LanVision began offering customers the ability to obtain its Electronic Medical Record solution on an application-hosting basis as an Application Service Provider (ASP). LanVision's ASP Division, established a hosting data center and installed LanVision's Electronic Medical Record suite, called ASPeN (Application Service Provider eHealth Network) within the hosting data center. Under this arrangement, customers electronically capture information and transmit the data to the hosting data center. The ASP Division stores and manages the data using LanVision's Electronic Medical Record suite of applications, and customers can view, print or fax the information from anywhere using the LanVision Web-based applications. The ASP Division charges and recognizes revenue for these services on a per transaction or subscription basis as information is captured, stored, and retrieved.

In February 2000, LanVision sold its hosting data center for $2,900,000. Simultaneously therewith, LanVision entered into an annual service agreement with the buyer. Under the terms of this service agreement, which can be renewed annually at the sole option of the Company, in exchange for processing fees, LanVision will continue to use the hosting data center to provide ASP services to LanVision's current and future customers. Although LanVision sold the hosting data center assets, LanVision continues to market its ASP solutions. LanVision continues to provide its ASP solutions through the hosting data center and intends to utilize other hosting data center service providers.

In August 2000, LanVision entered into an agreement with SmartHealth Services, Inc. (SmartHealth), which allows SmartHealth to utilize LanVision's MicroVision Electronic Medical Record (EMR) product combined with Web-based SmartHealth software to provide affordable, Web-based EMR document management and viewing services to hospitals and clinics via the Internet. SmartHealth Services, in conjunction with their affiliate Alpharetta, Georgia based Smart Professional Photocopy Corporation d/b/a Smart Corporation, distributes their services through Smart Corporation's extensive sales distribution network which currently consists of over 1,000 hospitals and 4,600 clinic customers throughout 46 states. LanVision is compensated for use of its software based upon the number of EMR images SmartHealth scans and stores using the MicroVision application. To date, the revenues from SmartHealth have not been significant and LanVision is unable, at this time, to determine the magnitude of future revenues.

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

The ASPeN Services Division was designed to overcome obstacles in the buying decision such as large capital commitment, length of implementation, and the scarcity of time for Healthcare Information Systems personnel to implement new systems. Customers pay for application-hosting services on a per transaction or subscription basis, and the centralized data center applications are operated and maintained by LanVision personnel and/or its agents. In 1999, the ASPeN Services Division signed a four-year contract with The Health Alliance of Greater Cincinnati, a group of five hospitals in the Greater Cincinnati Area, to provide outsourced data center operations of its LanVision Electronic Medical Record solution. LanVision believes that more IDN's will begin to look for this type of ASP application. LanVision believes its business model is especially well suited for the ambulatory marketplace and is actively pursuing remarketing agreements, in addition to those discussed below, with other Healthcare Information Systems providers to distribute LanVision's Electronic Medical Record solution.

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

In 1998, LanVision entered into a five year Remarketing Agreement with Siemens Medical Solutions Health Services Corporation. Under the terms of the Agreement, Siemens was granted an exclusive worldwide license to distribute ChartVision, On-Line Chart Completion, WebView and Enterprisewide Correspondence to the Siemens customer base and prospect base, as defined in the Agreement, and a non-exclusive license to distribute all other LanVision products. If Siemens distributes any other Electronic Medical Record product competing with LanVision's products, LanVision may terminate the Siemens Remarketing Agreement. LanVision and Siemens are currently in negotiations for a new agreement to replace the existing agreement which expires in early 2003.

Under the terms of the agreement, Siemens remits royalties to LanVision based upon Siemens sublicensing the Company's software to Siemens' customers. Twenty-five percent of the royalty is due 30 days following the end of the quarter in which Siemens executes the end user license agreement with its customer. LanVision recognizes this revenue upon receipt of the royalty statement. The remaining seventy-five percent of the royalty is due 30 days following the end of the quarter in which Siemens commences software implementation activities. The Company records this revenue when the 75% payment due from Siemens is fixed and determinable, which is when the software implementation activities commence. Through April 30, 2002, Siemens has sold twenty-three systems to end-users.

In January 2002, LanVision entered into a five year Remarketing Agreement with IDX Information Systems Corporation. Under the terms of the agreement, IDX was granted a non-exclusive worldwide license to distribute certain LanVision Electronic Medical Record software including accessANYware, codingANYware when it becomes available, and ASPeN services to IDX customers and prospective customers, as defined in the Agreement.

Under the terms of a remarketing agreement with IDX Information Systems Corporation (IDX) royalties are remitted by IDX to LanVision based upon IDX sublicensing LanVision's software to IDX's customers. Thirty percent of the royalty is due 45 days following the end of the month in which IDX executes an end-user license agreement with its customer. LanVision recognizes this revenue upon receipt of the royalty report. The remaining seventy percent of the royalty is due from IDX, in varying amounts based on implementation milestones, 45 days following the end of the month in which a milestone occurs. LanVision records this revenue when the seventy percent payment due from IDX is fixed and determinable, which is generally when the software implementation activities commence. The IDX remarketing agreement was signed in January 2002. Through April 30, 2002, IDX has sold one system to an end-user.

In December 2001, a letter of intent was signed by 3M Health Information Systems, division of 3M, whereby 3M and LanVision will enter into a referral marketing agreement for its new product codingANYware, the terms and conditions of which are in the final stages of negotiation. Revenues from this agreement are expected to begin after the general release of codingANYware in 2002.

UNEVEN PATTERNS OF QUARTERLY OPERATING RESULTS

The Company's revenues from systems sales have varied, and may continue to vary, significantly from quarter-to-quarter as a result of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter to quarter as a result of the timing of the installation of software and hardware, project management and customized programming. Revenues from maintenance services do not fluctuate significantly from quarter to quarter, but have been increasing as the number of customers increase. Revenues from ASP application-hosting services operations are expected to increase over time, as more hospitals outsource services to LanVision's ASP Division, or its remarketing partners begin to utilize the software, and existing customers increase the volume of documents stored on the systems, and the number of retrievals increase.

The Company's revenues and operating results may vary significantly from quarter-to-quarter as a result of a number of other factors, many of which are outside the Company's control. These factors include the relatively high purchase price of a system, unpredictability in the number and timing of systems sales, length of the sales cycle, delays in the installation process and changes in the customer's financial condition or budget 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 first fiscal quarter ended April 30, 2002, were $3,033,219, compared with $2,712,403 reported in the comparable quarter of 2001. The increase is due to new sales from our remarketing partners and implementation of existing contracts through our remarketing partners. Revenues for the first three months of fiscal 2001 and 2002 continued to be affected because many healthcare organizations deferred new software purchases until final Federal Health Privacy Regulations were promulgated, to comply with the requirements of HIPAA (Health Insurance Portability and Accountability Act of 1996).

Additionally, healthcare institutions are assessing and implementing many new technologies. Although many of these systems do not compete with LanVision products, these systems do compete for capital budget dollars and the available time of information systems personnel within the healthcare industries. However, management continues to believe that revenue from its Remarketing Agreements with Siemens and IDX will increase in the future since LanVision's product has been fully integrated with the Siemens products and will soon be integrated with the IDX products. In addition, our Web browser-based ASP application, which is currently available and in production with our customers and available, through our Resellers, should further enhance revenues through software royalties to LanVision with minimal additional cost. Both our Remarketing and Reseller Agreements should represent a greater percentage of the Company's total revenues in the future.

Many healthcare organizations are beginning to plan additional information technology projects following Year 2000 remediation and in anticipation of HIPAA compliance. The HIPAA Regulations are a series of standards that are intended to regulate the way health information is secured and transmitted. A healthcare industry report (Fitch IBCA, Duff & Phelps) stated that in order to comply with the HIPAA healthcare information electronic transmission regulations, healthcare systems will need to adjust existing systems or purchase new information technology systems, hire and retrain staff, and make significant changes to the current processes associated with maintaining patient privacy, the cost of which is estimated to be somewhere between three to four times the amount of expenditures required for Year 2000 remediation, or an amount in excess of $25 billion. LanVision believes its highly evolved, secure and technologically advanced Web browser-based ASP solutions will position the Company to take advantage of, what we continue to believe will be, significantly increasing market opportunities for LanVision and its distribution partners in the future.

After an agreement is executed, LanVision does not record revenues until it delivers the hardware and software or performs the agreed upon services. The commencement of revenue recognition varies depending on the size and complexity of the system and the scheduling of the implementation, training, interface development and other services requested by the customer. Accordingly, significant variations in revenues can result as was more fully discussed above under "Uneven Patterns of Quarterly Operating Results." Three customers, excluding our remarketing partners Siemens and IDX, accounted for approximately 27% of the revenues for the first quarter of 2002 compared with 30%, of revenues in the comparable period of the prior year. Revenues from our remarketing partners accounted for approximately $956,000 for the three months ended April 30, 2002, compared with approximately $605,000 for the three months ended April 30, 2001. The increase in revenues results from new sales from our existing partner and our newest partner IDX.

OPERATING EXPENSES

Cost of Systems Sales

The cost of systems sales includes amortization of capitalized software development costs on a straight-line basis, royalties and the cost of third party software and hardware. Cost of systems sales as a percentage of systems sales may vary from period to period depending on the mix of hardware and software of the systems or add-on sales delivered. The cost of systems sales as a percentage of systems sales for the first quarter of fiscal 2002 and 2001 were 25% and 14%, respectively. The higher percentage of cost of sales reflects a greater volume of hardware sold during the current period compared to the comparable prior period, which had lower hardware revenues.

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 51% and 51% for the first quarter of fiscal 2002 and 2001. The Company's support margins are highest on LanVision's proprietary software. Accordingly, margins are expected to improve as more customers are added.

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

Cost of Application-hosting services

The cost of application-hosting services operations was reduced with the sale, in February 2000, of the data center. The Company now incurs expenses only for the outsourcing services it uses, which are directly related to the application-hosting services revenues generated by the ASPeN Division.

Selling, General and Administrative

Selling, General and Administrative expenses consist primarily of: compensation and related benefits and reimbursable travel and living expenses related to the Company's sales, marketing and administrative personnel; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses; and general corporate expenses, including occupancy costs. During the first quarter of fiscal 2002, Selling, General and Administrative expenses increased to $843,527 compared with $705,244 in the comparable prior quarter. The increase in Selling, General and Administrative expenses is due to normal inflation and the increased cost to defend our intellectual property rights in two matters initiated by the Company. [See Part II. Item 1 Legal Proceedings of this Form 10-Q.] The Company has gradually reduced its direct sales staff as the Company focuses its sales efforts on indirect distribution through its current and future Remarketing, Reseller and ASP Partners. However, the Company may increase its direct sales force in the foreseeable future as market opportunities arise.

Product Research and Development

Product research and development expenses consist primarily of: compensation and related benefits; the use of independent contractors for specific development projects; and an allocated portion of general overhead costs, including occupancy. During the first quarter, research and development expenses were $507,080 compared with $552,146 in the comparable prior quarter. The decrease results from lower staff costs resulting from converting consultants to company employees at lower costs and increased capitalized software development costs for the newest product codingANYware(SM) under development. The Company monitors closely and augments its Research and Development staff, as necessary, to accelerate the development of new products. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, $150,000 and $125,000 of product research and development costs in the first quarter of fiscal 2002 and 2001. The capitalized costs during the first quarter of fiscal 2002 relate primarily to LanVision's two new products under development, accessANYware(SM) and codingANYware.

Operating profit

The operating profit for the first quarter of fiscal 2002 was $531,352 compared with an operating profit of $472,960 in the first quarter of fiscal 2001, an improvement of approximately 12%. The increase in the operating profit results primarily from: (1) continued stringent cost controls, (2) increased revenues of approximately $320,000, primarily software licensing revenues offset by (3) higher cost of system sales because of a higher content of hardware sales, with lower margins, during the quarter.

Interest income consists primarily of interest on invested cash. The decreases in interest income results from lower cash balances and significantly lower interest rates.

Interest expense relates to the long-term debt. In connection with setting the loan covenants for fiscal year 2002, the company made an additional $500,000 special payment of the long-term deferred interest on March 13, 2002.

Net income

The net income for the first quarter of fiscal 2002 was $98,269 ($.01 per share) compared with net income of $101,541 ($.01 per share) in the first quarter of fiscal 2001. This decrease in net income results primarily from the significantly lower interest income, and other changes as noted above, offset by a one time tax benefit as a result of a change in the tax law.

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

Since commencing operations in 1989, the Company has incurred operating losses. Although the Company achieved profitability in fiscal years 1992, 1993 and 2000, 2001, 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, LanVision has funded its operations, working capital needs and capital expenditures primarily from a combination of cash generated by operations, and a $6,000,000 loan.

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

LanVision has no significant obligations for capital resources, other than noncancelable operating leases in the total amount of approximately $110,000, payable over the next five years.

In July 2004, upon maturity of the long-term debt, LanVision may, under the terms of the long-term debt agreement, be required to pay to the lender an amount necessary so that the market value of the stock underlying the Warrants issued to the lender in connection with the long-term debt, plus the 12% interest paid on the loan will yield the lender a 25% compound annual return. If the yield from the Warrants plus interest paid does not provide the lender with the 25% guaranteed compound annual return, LanVision is required to pay the additional amount in cash at the time of maturity. Accordingly, LanVision is accruing interest on the loan at a 25% compound interest rate, regardless of the market value of the stock and the inherent value of the Warrants. The current estimate of the maximum amount at maturity, which would be required to be paid to the lender, assuming the Warrants have no value, is approximately $5,800,000. Depending on the amount of cash LanVision has at that time, and the value of the Warrants, it may be necessary for LanVision to borrow funds or obtain additional equity in order to fund the deferred interest payable to the lender at that time. LanVision believes that continued operating performance improvements should enable it to fund a portion of any obligation and borrow the additional funds necessary to retire the obligation at maturity. However, there can be no assurance LanVision will be able to do so.

Over the last several years, LanVision's revenues were less than its internal plans. However, during the same period, LanVision has expended significant amounts for capital expenditures, product research and development, sales, support and consulting expenses. This resulted in significant net cash outlays over the last five years. Although LanVision has reduced staffing levels and related expenses, increased revenues and improved operating performance, LanVision's expenses may continue to increase. Accordingly, to continue to achieve increasing profitability, and positive cash flow, it is necessary for LanVision to increase revenues or continue to reduce expenses. LanVision believes that the requirement for healthcare organizations to become HIPAA compliant, and the recent signing of the IDX Information Systems Corporation remarketing agreement and the 3M agreement in the process of negotiations should offer significant opportunities to increase revenues. Additionally, the Siemens Remarketing Agreement, as previously noted, has significantly expanded the sales distribution capabilities and LanVision believes the IDX agreement will also expand sales distribution similar to that of Siemens. LanVision believes that market opportunities are such that LanVision should be able to increase its revenues. However, there can be no assurance LanVision will be able to do so.

In February 2000, LanVision sold its hosting data center for $2,900,000. LanVision received $2,000,000 and the remaining $900,000 was received in twelve monthly installments. The sale resulted in a gain of approximately $1,400,000.

At April 30, 2002, LanVision had cash and cash equivalents of $6,899,878. Cash equivalents consist primarily of overnight bank repurchase agreements and short-term commercial paper. Under the terms of its loan agreement, as amended, LanVision has agreed to maintain a minimum cash and cash equivalent balance of $4,800,000. During fiscal 2002, $2,000,000 of long-term debt is required to be repaid to the lender.

LanVision has significantly reduced operating expenses during the last three fiscal years, and believes it will continue to improve operating results in fiscal 2002. Notwithstanding the increases in fiscal year 2001 revenues and operating profit, for the foreseeable future, LanVision will need to continually assess its revenue prospects compared to its then current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to reduce operating expenses or raise cash through additional borrowings, the sale of assets, or other equity financing. Certain of these actions will require lender approval. However, there can be no assurance LanVision will be successful in any of these efforts. If it is necessary to significantly reduce operating expenses, this could have an adverse effect on future operating performance.

To date, inflation has not had a material impact on LanVision's revenues or expenses. Additionally, LanVision does not have any significant market risk exposure at April 30, 2002.

SIGNED AGREEMENTS - BACKLOG

LanVision, or its remarketing partners, enter into master agreements with their 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, LanVision believes, based on its past experience, that its customers will expand their existing systems.

At April 30, 2002, the Company's and its resellers' customers had entered into master agreements for systems and services (excluding support and maintenance and transaction based revenues for the ASPeN Division), which had not yet been delivered, installed and accepted which, if fully performed, would generate revenue of approximately $4,970,000, compared with approximately $4,417,000 at the end of fiscal 2001. The systems and services are currently expected to be delivered over the next two to three years. In addition, the Company anticipates approximately $585,000 in transaction-based fee revenues for the ASP Division's current client over the remaining nine month life of the contract. Because systems implementations and Application-hosting services ASP fees are dependent upon the customer's schedule and / or usage, the Company is unable to accurately predict the amount of revenues in future periods.

LanVision'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 2001, 2000 and 1999 were approximately $4,032,000, $3,678,000, and $3,264,000, respectively. Maintenance and support revenues are expected to increase in 2002.

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

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

LanVision is a party to various legal proceedings and claims which arise in the ordinary course of business from time to time. Currently, LanVision is a party to several pending lawsuits that were initiated by LanVision to protect its intellectual property rights, to enforce non-competition covenants and/or to prevent third parties from improperly interfering in LanVision's business. The defendants in one or more of these actions have asserted, and may assert in the future, counterclaims against LanVision. While the outcome of these claims, as well as any claims that may not have yet been asserted against LanVision, whether in these actions or otherwise, cannot be predicted with certainty at this time, LanVision is not aware of any legal matters that will have a material adverse effect on LanVision's consolidated results of operations or consolidated financial position.

Item 3. DEFAULTS ON SENIOR SECURITIES

The Company is not in default under its existing Loan Agreement

Item 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on May 29, 2002, the following members were elected to the Board of Directors:

	Votes For	Votes Withheld
George E. Castrucci	8,790,356	12,175
Richard C. Levy, M.D.	8,742,281	60,250
Eric S. Lombardo	8,776,927	25,604
J. Brian Patsy	8,787,181	15,350
Z. David Patterson	8,785,756	16,775

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3.1 Certificate of Incorporation of LanVision Systems, Inc. (*)

3.2 Bylaws of LanVision Systems, Inc. (*)

10 First Amendment to the Reseller Agreement between IDX Information Systems Corporation and LanVision, Inc.

11 Computation of Earnings (Loss) Per Common Share

(*) Incorporated by reference.

(b) Reports on Form 8-K

None

SIGNATURES

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

LANVISION SYSTEMS, INC.

DATE:	June 3, 2002	By:	/s/ J. BRIAN PATSY
			J. Brian Patsy Chief Executive Officer and President
DATE:	June 3, 2002	By:	/s/ PAUL W. BRIDGE, JR.
			Paul W. Bridge, Jr. Chief Financial Officer and Treasurer

INDEX TO EXHIBITS

Exhibit No.	Exhibit
3.1	Certificate of Incorporation of LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
3.2	Bylaws of LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
10	First Amendment to the Reseller Agreement between IDX Information Systems Corporation and LanVision, Inc.
11	Computation of Earnings (Loss) Per Common Share

Exhibit 10
LANVISION SYSTEMS, INC.

First Amendment to the Reseller Agreement between IDX Information Systems Corporation and LanVision, Inc.

IDX Information Systems Corporation

40 IDX Drive
South Burlington, Vermont 05403
(802) 862-1022

First Addendum to LanVision Reseller Agreement

Between

IDX Information Systems Corporation and LanVision, Inc.

THIS ADDENDUM is made as of May 3, 2002 by and between IDX Information Systems Corporation ("IDX"), at its offices in South Burlington, Vermont and LanVision, Inc. ("LanVision"), at its offices in Cincinnati, Ohio.

BACKGROUND OF AGREEMENT

IDX and LanVision entered into a written agreement, entitled "LanVision Reseller Agreement," dated January 30, 2002, which governs the resale of LanVision computer programs. By this Addendum, the parties wish to amend the LanVision Reseller Agreement (the "Agreement").

IN CONSIDERATION of the premises, the covenants set forth herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. SCOPE AND EFFECT

This Addendum modifies, supplements and amends the Agreement, and in the event of any inconsistency between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum shall govern and control. In all other respects, the Agreement is and shall remain in full force and effect. Unless expressly indicated to the contrary hereinbelow, the defined terms used in the Addendum shall have the meanings ascribed to them in the Agreement.

2. SCHEDULE A

The following software products shall be added to the list of LanVision Software in Section 1 of Schedule A:

Entry Scan; and

LanVision Application Bridge (LAVB)

3. MISCELLANEOUS

3.1. Binding Effect. This Addendum shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legatees, personal representative and other legal representatives, successors and permitted assigns.

3.2. Entire Agreement. This Addendum constitutes the entire sum of changes of any kind or nature to the Agreement, and there are no changes, representatives, warranties, covenants or obligations of any kind except as set forth herein. This Addendum supersedes all prior and contemporaneous agreements, understanding, negotiations and discussions, written or oral, of the parties hereto, relating to any transaction contemplated by this Addendum. There have been no changes to any other agreement entered in to in connection therewith, unless reduced to writing and made a part of an addendum to such other agreement. Except as otherwise especially provided herein, nothing in this Addendum is intended or shall be construed to confer upon or to give any person other than the parties hereto any rights or remedies under or by reason of this Addendum.

3.3. Amendments. This Addendum may be amended only in writing executed by the parties affected by such amendment.

LANVISION, INC.	IDX INFORMATION SYSTEMS CORPORATION
By: /s/ J. Brian Patsy	By: /s/ Michael E. Raymer
J. Brian Patsy, President	Michael E. Raymer
[Name and Title]	[Name and Title]
3 May 2002	17 May 2002
[Date]	[Date]

Exhibit 11
LANVISION SYSTEMS, INC.

COMPUTATION OF EARNINGS (LOSS) PER COMMON SHARE

	Three Months Ended April 30, 2002	Three Months Ended April 30, 2001
Net income	$ 98,269	$ 101,541
Average shares outstanding	8,913,947	8,879,241
Stock options:		
Total options	492,722	133,268
Assumed treasury stock buyback	(173,862)	(42,590)
Warrants assumed converted	--	--
Convertible redeemable preferred stock assumed converted	--	--
Number of shares used in per common share computation	9,232,807	8,969,919
Basic net income per share of common stock	$ 0.01	$ 0.01
Diluted net income per share of common stock	$ 0.01	$ 0.01