

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2005

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.)

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 an accelerated filer (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 June 1, 2005: 9,108,535.

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

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

Assets

	(Unaudited) April 30, 2005 -----	(Audited) January 31, 2005 -----
Current assets:		
Cash (restricted by long - term debt agreement)	\$ 2,818,347	\$ 4,181,073
Accounts receivable, net of allowance for doubtful accounts of \$200,000, respectively	2,643,943	1,901,846
Contract receivables	1,240,979	1,404,364
Prepaid expenses	414,559	377,116
Deferred tax asset	309,000	309,000
	-----	-----
Total current assets	7,426,828	8,173,399
Property and equipment:		
Computer equipment	1,627,491	1,501,796
Computer software	865,985	832,304
Office furniture, fixtures and equipment	702,387	537,137
Leasehold improvements	509,767	37,504
	-----	-----
	3,705,630	2,908,741
Accumulated depreciation and amortization	(2,153,803)	(1,996,129)
	-----	-----
	1,551,827	912,612
Capitalized software development costs, net of accumulated amortization of \$3,433,229 and \$3,233,228, respectively	2,156,700	2,056,701
Other, including deferred taxes	701,091	850,523
	-----	-----
	\$ 11,836,446	\$ 11,993,235
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

Liabilities and Stockholders' Equity

	(Unaudited) April 30, 2005	(Audited) January 31, 2005
	-----	-----
Current liabilities:		
Accounts payable	\$ 523,456	\$ 886,090
Accrued compensation	342,382	276,292
Accrued other expenses	710,602	719,135
Deferred revenues	2,452,096	2,231,442
Current portion of capitalized leases	110,745	168,121
	-----	-----
Total current liabilities	4,139,281	4,281,080
Long-term debt	2,000,000	2,000,000
Non-current lease incentives	251,909	-
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, 9,093,535 and 9,084,539 shares issued, respectively	90,935	90,845
Capital in excess of par value	35,012,491	35,002,961
Accumulated (deficit)	(29,658,170)	(29,381,651)
	-----	-----
Total stockholders' equity	5,445,256	5,712,155
	-----	-----
	\$ 11,836,446	\$ 11,993,235
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended April 30,

(Unaudited)

	Three Months Ended	
	2005	2004
Revenues:		
Systems sales	\$ 140,804	\$ 286,883
Services, maintenance and support	1,799,024	1,721,658
Application-hosting services	757,045	633,014
	2,696,873	2,641,555
Operating expenses:		
Cost of systems sales	280,187	358,912
Cost of services, maintenance and support	761,364	680,245
Cost of application-hosting services	250,902	216,648
Selling, general and administrative	1,056,881	913,468
Product research and development	601,657	513,999
	2,950,991	2,683,272
Operating (loss)	(254,118)	(41,717)
Other income (expense):		
Interest income	17,794	24,102
Interest expense	(40,195)	(403,449)
	(22,401)	(379,347)
(Loss) before income taxes	(276,519)	(421,064)
Income tax provision (benefit)	-	-
	(276,519)	(421,064)
Net (loss)	\$ (276,519)	\$ (421,064)
Basic net (loss) per common share		
	\$ (.03)	\$ (.05)
Diluted net (loss) per common share		
	\$ (.03)	\$ (.05)
Number of shares used in per common share computations:		
Basic	9,087,164	9,035,897
	9,087,164	9,035,897

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended April 30,

(Unaudited)

	2005	2004
Operating activities:		
Net (loss)	\$ (276,519)	\$ (421,064)
Adjustments to reconcile net (loss) to net cash (used for) operating activities:		
Depreciation and amortization	357,675	289,165
(Decrease) on long-term accrued interest	-	(1,143,993)
Cash (used for) provided by assets and liabilities:		
Accounts and contract receivables	(578,712)	1,673,670
Other current assets	(37,443)	6,007
Accounts payable and accrued expenses	(364,350)	(575,736)
Deferred revenues	220,654	(666,785)
	(678,695)	(838,736)
Net cash (used for) operating activities	(678,695)	(838,736)
Investing activities:		
Purchases of property and equipment	(470,889)	(89,645)
Long-term lease incentive	(14,818)	-
Capitalization of software development costs	(300,000)	(249,999)
Other	149,432	(20,550)
	(635,275)	(360,194)
Net cash (used for) investing activities	(635,275)	(360,194)
Financing activities:		
Repayment of long-term debt	-	(500,000)
Payment of capitalized leases	(57,376)	(53,686)
Exercise of stock options	9,620	36,541
	(47,756)	(517,145)
Net cash (used for) financing activities	(47,756)	(517,145)
(Decrease) in cash	(1,362,726)	(1,716,075)
Cash at beginning of period	4,181,073	6,227,236
Cash at end of period	\$ 2,818,347	\$ 4,511,161
Supplemental cash flow disclosures:		
Income taxes paid ( refund )	\$ (4,882)	\$ 105,570
Interest paid	\$ 40,598	\$ 1,536,788
Leasehold improvements (included in property and equipment) paid for by the landlord as a lease inducement	\$ 326,000	\$ -

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 LanVision Systems, Inc. ("LanVision or 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 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 LanVision Systems, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three months ended April 30, 2005, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2006.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is presented beginning on page 37 of its fiscal year 2004 Annual Report to Stockholders on Form 10-K. 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 2005.

Note 3 - CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The decrease in cash during the quarter results primarily from the increased expenses associated with additional personnel, capital expenditures associated with the new offices required to accommodate the Company's expansion plans, increased accounts receivable and the reduction in accounts payable during the quarter.

The increase in accounts receivable is due to the invoicing, during the first quarter of contracts receivable with deferred payment provisions, and an increase in past due accounts.

The decrease in contract receivables is due to the invoicing, during the first quarter, of receivables with deferred payment provisions.

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

The increase in property and equipment, is primarily the result of the an increase in leasehold improvements resulting from the Company moving to new leased facilities in February, and the acquisition of additional equipment to accommodate the expanding staff.

Other non-current assets consist primarily of the deferred federal income tax assets relating to the net operating loss carry forward.

The decrease in accounts payable results primarily from the payment during the quarter of invoices received in January and paid after the fiscal year end.

The increase in accrued compensation results primarily from the increase in the accrual for first quarter bonuses payable under the employee bonus plans because of additional personnel and an increase in the bonus pay out as a result of achieving certain financial results in the first quarter of the current fiscal year which financial results were not achieved and the financial results portion of the bonus was not paid in the comparable prior quarter.

The increase in deferred revenues results primarily from an increase in prepaid maintenance fees.

#### Note 4 - STOCK OPTIONS

During the first three months of the current fiscal year, the Company granted 10,000 stock options under all Stock Option Plans. During the same period, no options were forfeited and 9,000 options were exercised under all plans during the quarter.

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, establishes a fair value method of financial accounting and reporting for stock-based compensation plans. LanVision elected to continue to account for stock options under the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and, accordingly, has adopted the disclosure only provisions of Statement 123. At April 30, 2005, LanVision had three stock-based compensation plans, which are more fully disclosed in Note 7 of the Notes to Consolidated Financial Statements in the Form 10-K for the Fiscal year ended January 31, 2005. No stock-based compensation cost is reflected in the net income, as all options granted under the plans had exercise prices equal to the fair market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share as if LanVision had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, to stock-based employee compensation.



Three months ended April 30,	2005	2004
	-----	-----
Net (loss), as reported	\$ (276,519)	\$ (421,064)
Deduct: Total stock based compensation expense determined under the fair value based method for all awards, net of related tax effects	11,390	-
	-----	-----
Pro forma net (loss)	\$ (287,909)	\$ (421,064)
	=====	=====
Earnings per share:		
Basic - as reported	\$ (0.03)	\$ (0.05)
	=====	=====
Basic - pro forma	\$ (0.03)	\$ (0.05)
	=====	=====
Diluted - as reported	\$ (0.03)	\$ (0.05)
	=====	=====
Diluted - pro forma	\$ (0.03)	\$ (0.05)
	=====	=====

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

#### Note 5 - EARNINGS PER SHARE

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

The 2005 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options), as the inclusion thereof would be antidilutive. The Company had approximately 537,942 option shares outstanding at April 30, 2005 that were not included in the diluted net (loss) per share calculation as the inclusion thereof would be antidilutive.

The 2004 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options), as the inclusion thereof would be antidilutive. The Company had approximately 535,754 option shares outstanding at April 30, 2004 that were not included in the diluted net (loss) per share calculation as the inclusion thereof would be antidilutive.

In December 2004, the Financial Accounting Standards Board adopted Statement of Financial Accounting Standards No, 123 (revised 2004) - Share-Based Payment. The statement establishes new accounting standards for entities which exchange equity instruments (e.g. stock options, restricted stock, stock appreciation rights, employee stock purchase plans etc.) for goods or services. Based upon an initial review of the standard, the Company does not believe the impact will be material with respect to previously issued, outstanding and unvested stock options and can not predict with any reasonable certainty the impact, of future equity awards, if any are

awarded, that may be granted by the Board of Directors because the financial statement impact is determined based upon a number of factors including the number of grants awarded.

#### Note 6 - CONTRACTUAL OBLIGATIONS

The following table details the remaining obligations, by fiscal year, as of the end of the quarter for the capitalized leases, long-term debt, other commitments and the operating leases.

	Total	2005	2006	2007	2008	2009
	-----	-----	-----	-----	-----	-----
Capitalized leases	\$ 113,260	\$ 113,260	\$ -	\$ -	\$ -	\$ -
Long-term debt	2,000,000	-	833,333	1,166,667	-	-
Other commitments	25,000	25,000	-	-	-	-
Operating leases	1,500,260	201,226	323,089	323,268	315,468	337,209
	-----	-----	-----	-----	-----	-----
Total	\$ 3,638,520	\$ 339,486	\$ 1,156,422	\$ 1,489,935	\$ 315,468	\$ 337,209
	=====	=====	=====	=====	=====	=====

#### Capitalized Leases

During fiscal year 2002, LanVision acquired computer equipment and related software for a new application-hosting services data center, which are accounted for as capitalized leases. The amount of the leased assets by category is computer equipment \$372,705; computer software \$196,799; and prepaid maintenance and expenses \$84,626, for a total of \$654,130 in new assets. The leases are payable monthly in installments of \$19,991, through August 2005 and an additional amount of \$8,323, through December 2005. The present value of the future lease payments upon lease inception was \$654,130 using the interest rates implicit in the lease agreements at the inception of the leases.

#### Long-term Debt

In July 2004, LanVision entered into a new three year working capital term loan agreement. The long-term debt of \$2,000,000 is secured by all of the assets of LanVision and the loan agreement restricts LanVision from incurring additional indebtedness for borrowed money, including capitalized leases, etc. without lender consent. The loan is repayable in two installments, which are due and payable of not less than \$833,333 by July 30, 2006 and \$1,166,667 by July 30, 2007 and interest is payable quarterly, at the bank's prime rate plus 2% (currently 8.0%). In addition, LanVision is required to meet certain financial covenants, including; minimum level of tangible net worth, fixed charge coverage ratio and funded indebtedness to earnings before interest, taxes, depreciation and amortization. Also, LanVision has agreed to maintain a minimum cash balance of \$2,000,000 through the earlier of the repayment or maturity of the loan on July 31, 2007. LanVision complied with all of the provisions of its loan agreements during the period.

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

## Warranties and Indemnities

LanVision 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, LanVision's estimated warranty liability might need to be increased. LanVision 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. LanVision'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. LanVision'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 LanVision's operation of its business or any negligent act or omission of LanVision. To date, LanVision 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 April 30, 2005 and January 31, 2005, LanVision had a warranty reserve in the amount of \$250,000. Each contract is reviewed quarterly with the appropriate LanVision 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, 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 LanVision 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 LanVision files from time to time with the Securities and Exchange Commission, including Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

LanVision'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 LanVision 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, LanVision evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, warranty obligations, support contracts, contingencies, and litigation. LanVision bases its estimates on historical experience and on various other assumptions that LanVision 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 recognition. Actual results may differ from these estimates under different assumptions or conditions.

## RESULTS OF OPERATIONS

### GENERAL

LanVision is a healthcare information technology company doing business as "Streamline Health(TM)", which is focused on solutions that improve document-centric information flows and complement and enhance existing transaction-centric 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 (such as physicians, nurses, administrative and financial personnel and payers) across the continuum of care.

The Company's workflow-based products and services offer solutions to specific healthcare business processes within the revenue cycle, such as remote coding, abstracting and chart completion, remote physician order processing, pre-admission registration scanning, insurance verification, denial management, secondary billing services, explanation of benefits processing and release of information processing, as well as the Supply Chain Management and Human Resources departments of the healthcare enterprise.

LanVision's products and services also create an integrated document-centric repository of historical health information that is complementary 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 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.

LanVision's systems can be provided on a subscription basis via remote application-hosting services or installed locally. LanVision provides its ASPeN(SM), Application Service Provider-based remote hosting services to, among others, The University Hospital, a member of The Health Alliance of Greater Cincinnati, M.D. Anderson Cancer Center and Children's Medical Center of Columbus, OH among others. In addition, LanVision has installed its workflow and document

management solutions at leading healthcare providers including Stanford Hospital and Clinics, the Albert Einstein Healthcare Network, Beth Israel Medical Centers, the University of Pittsburgh Medical Center, Medical University Hospital Authority of South Carolina, and Memorial Sloan-Kettering Cancer Center.

LanVision'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. LanVision'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" and "unstructured" 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.

LanVision's workflow solutions offer value to all of the constituents in the healthcare delivery process by enabling them to simultaneously access and utilize LanVision's advanced technological workflow applications to process the document-centric information, on a real-time basis from virtually any location, including the Physician's desktop, using Web-based technology. LanVision'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.

LanVision 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, LanVision's applications fulfill the administrative and legal needs of the Medical Records and Patient Financial Services, Supply Chain Management and Human Resources 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), and Cerner Corporation and IDX Information Systems Corporation (IDX) applications. 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. 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, and microfilm.

LanVision operates in one segment as a provider of health information technology solutions that streamline document-centric information flows.

Historically, LanVision has derived most of its revenues from systems sales, recurring application-hosting subscriptions services, recurring maintenance fees and professional services involving the licensing, either directly or through remarketing partners, of its Medical Record Workflow and Revenue Cycle Management solutions to Integrated Healthcare Delivery

Networks (IDN). In a typical transaction, LanVision, or its remarketing partners, enter into a perpetual license or fee-for-service subscription agreement for LanVision's software application suite and may license or sell other third-party software and hardware components to the IDN. Additionally, LanVision, provides 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 LanVision software, hardware 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 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 workflow solutions on an application-hosting basis as an Application Service Provider (ASP). LanVision established a hosting data center and installed LanVision'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 LanVision's suite of applications, and customers can view, print, fax, and process the information from anywhere using the LanVision Web-based applications. LanVision 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 is a strategic decision and often involve a large capital commitment requiring an extended approval process. Since inception, LanVision has experienced extended sales cycles, which has adversely affected revenues. 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 entire implementation and maintenance of the system and specify the installation schedule, which typically takes place in one or more phases. The licensing 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 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 ("HIS") personnel to implement new systems. LanVision believes that 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. LanVision 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 HIS and staff outsourcing providers to distribute LanVision's workflow solutions.

Generally, revenues from systems sales are recognized when an agreement is signed and products are made available to end-users. Revenue recognition related to routine installation, integration and project management are deferred until the work is performed. If an agreement requires LanVision to perform services and modifications that are deemed significant to system acceptance, revenues are 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 application-hosting 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. Revenues recognized prior to progress billings to customers are recorded as contract receivables.

LanVision has entered into third party agreements to market, remarket or refer business to LanVision, including: a five year Reseller Agreement, signed in January 2002, with IDX Information Systems Corporation. Under the terms of the agreement, IDX was granted a non-exclusive worldwide license to distribute all LanVision workflow software including accessANYware(TM), codingANYware(TM), and ASPeN application-hosting services to IDX customers and prospective customers, as defined in the Remarketing Agreement. LanVision has also signed a Marketing and Referral Agreement with the 3M Health Information Systems, a division of Minnesota Mining & Manufacturing Co., whereby 3M Health Information Systems and LanVision entered into a referral marketing agreement for its product codingANYware.

LanVision'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 LanVision'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 personnel resource constraints within an integrated delivery network.

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

#### 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 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 ASPeN 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 increase.

The Company's revenues and operating results may 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 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, 2005, were \$2,696,873, compared with \$2,641,555 reported in the comparable quarter of 2004. The increase was primarily a result increased revenues from application-hosting services (as three new clients were added) and service, maintenance and support revenues, which were offset, to some extent, by the decline in system sales when compared to the comparable prior quarter. Traditionally, the first two quarters are the most challenging because of the seasonality of software licensing revenues, which the Company has experienced in the past, with a greater portion of the annual revenues recorded in later two quarters.

#### 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 2005 and 2004 were 199% and 125%, respectively. The higher percentage of cost of sales reflects the higher amortization of capitalized software development costs relative to lower software sales and lower hardware revenues and their associated cost during the current period when compared to the comparable prior period.

##### 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 42% and 39% for the first quarter of fiscal 2005 and 2004, respectively. The increase cost percentage results from increased expenses during the quarter exceeding the increase in revenues. The Company's support margins are highest on LanVision's proprietary software. Accordingly, margins improve as more customers are added.

#### Cost of Application-hosting services

The cost of application-hosting services operations remained approximately the same for 2005 when compared to 2004, as the cost of providing these services is relatively fixed. As a percentage of application-hosting revenues, the cost of application-hosting was 33% and 34% for the first quarter of fiscal 2005 and 2004, respectively. The decline in the cost percentage reflects the higher revenues from existing and new clients without a corresponding increase in operating costs.

#### 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 2005, Selling, General and Administrative expenses increased when compared with the comparable prior quarter primarily because of increased salary cost related to normal pay raises, increased personnel, increased bonus accruals, and increased advertising and similar marketing costs, offset by a \$25,000 reduction in certain expense accruals no longer considered necessary.

#### 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 increased by \$143,413 compared with the comparable prior quarter. The increase results primarily from increased recruiting fees for new or replacement personnel, training and increased bonus accruals, offset by a \$50,000 increase in capitalized software. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, approximately \$300,000 and \$250,000 of product research and development costs in the first quarter of fiscal 2005 and 2004, respectively.

#### Operating (loss)

The operating (loss) for the first quarter of fiscal 2005 was (\$254,118) compared with an operating (loss) of (\$41,717) in the first quarter of fiscal 2004. The increase in the operating (loss) is the result of the increased operating expenses, primarily selling, general and administrative and product research and development as noted above.

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 and includes the interest expense on the capitalized leases. The decrease results from the repayment, in July 2004, of the high interest rate debt and replacing it with a smaller loan with a more conventional rate.

Net (loss)

The net (loss) for the first quarter of fiscal 2005 was (\$276,519) (\$.03 per share) compared with a net (loss) of (\$421,064) (\$.05 per share) in the first quarter of fiscal 2004. This decrease is primarily the result of lower interest expense in the current period when compared to the comparable prior period when the high interest rate debt was still outstanding.

Notwithstanding the less than anticipated number of new customer agreements signed in the first quarter, 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, 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 significant 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 2004, 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 seven 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 1998 loan and \$3,500,000 2004 loan. LanVision's liquidity is dependent upon numerous factors including: 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.

LanVision's customers typically have been well-established hospitals or medical facilities or major HIS companies that resell LanVision' products which have good credit histories and payments have usually 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. Accordingly, some customers are not current in the payment of their invoices to the Company.

Based on past experience, the past due accounts do not represent an unreasonable risk and the Company believes they will be paid. 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 as noted in note 6 to the financial statements included herein. Capital expenditures for property and equipment in 2005 are not expected to exceed \$1,000,000 (including leasehold improvements of which \$326,000 was provided by the landlord as a lease incentive).

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, support and consulting expenses and debt repayments. This resulted in significant net cash outlays over the last five years. Although LanVision reduced staffing levels and related expenses during the period 2001 - 2004, it was able to improve operating results in years 2001 - 2003 when compared to the period 1996 - 2000. However, the stringent expense controls and reduced staffing, caused by the necessity to retire the 1998 long-term debt, hampered the growth of revenues during the last three years. Accordingly, to continue to achieve increasing revenues and profitability, it is necessary for the Company to significantly increase sales and marketing expenses in fiscal 2005. The Company believes that this strategic initiative to expand sales and marketing should produce improved results in late 2005 and beyond as the expanded sales and marketing efforts begin to produce results. However, there can be no assurance LanVision will be able to do so.

At April 30, 2005, LanVision had cash of \$2,818,347. Under the terms of its loan agreement, as amended, LanVision has agreed to maintain a minimum cash balance of \$2,000,000 through the earlier of the repayment or maturity of the loan on July 31, 2007. The current loan can be repaid at any time without penalty.

LanVision has carefully monitored operating expenses during the last five fiscal years. Notwithstanding the current levels of 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 current 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.

LanVision believes that its present cash position, combined with cash generation anticipated from operations, will be sufficient to meet anticipated cash requirements during fiscal year 2005.

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

Net cash provided by operations in fiscal 2004 exceeded \$3,000,000, up from approximately \$2,000,000 in the prior two fiscal years primarily because of the collection of unbilled

receivables in 2004. Cash was used in fiscal 2004 primarily for financing activities, primarily the repayment of debt. Future cash flow from operations is dependent upon revenues and the terms and conditions relating to the timing of payments of new agreements. In 2005, the Company intends to invest in additional operating expenses which will reduce the amount of cash flow from operations available for investing and financing activities.

#### 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, 2005, LanVision has master agreements, purchase orders or royalty reports from remarketing partners for systems and related services (excluding support and maintenance, and transaction-based revenues for the application-hosting services) which have not been delivered, installed and accepted which, if fully performed, will generate future revenues of approximately \$2,800,000. The related products and services are expected to be delivered over the next two to three years. Furthermore, LanVision has entered into application-hosting agreements, which are expected to generate revenues in excess of \$6,700,000, through their respective renewal dates in fiscal 2006 through 2007.

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 2004, 2003 and 2002 were approximately \$5,220,000, \$4,712,000 and \$4,176,000, respectively. Maintenance and support revenues are expected to increase in 2005. At April 30, 2005, LanVision had maintenance agreements, purchase orders or royalty reports from remarketing partners for maintenance, which if fully performed, will generate future revenues of approximately \$1,400,000, through their respective renewal dates in fiscal 2005 and 2006.

The commencement of revenue recognition varies depending on the size and complexity of the system; the implementation schedule requested by the customer and usage by customers of the application-hosting services. Therefore, LanVision is unable to predict accurately the revenue it expects to achieve in any particular period. LanVision's master agreements generally provide that the customer may terminate its agreement upon a material breach by LanVision, or may

delay certain aspects of the installation. There can be no assurance that a customer will not cancel all or any portion of master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of LanVision to procure additional agreements, could have a material adverse effect on LanVision's business, financial condition, and results of operations.

#### Item 4. Controls and Procedures

LanVision maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in LanVision'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 LanVision's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) and 15d-15(e) of The Securities and Exchange Act of 1934, as amended. In designing and evaluating the disclosure controls and procedures, management recognized 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 LanVision's senior management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of LanVision's disclosure controls and procedures. Based on that evaluation, LanVision's management, including the Chief Executive and Chief Financial Officer, concluded that LanVision's disclosure controls and procedures were effective as of the end of the period covered by this report. There have been no significant changes in LanVision's internal control or in the other controls that could significantly affect internal controls subsequent to the date LanVision completed its evaluation. Therefore, no corrective actions were taken.

## Part II. OTHER INFORMATION

#### Item 1. LEGAL PROCEEDINGS

LanVision is, from time-to-time, a party to various legal proceedings and claims, which arise, in the ordinary course of business. 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 25, 2005, the following members were elected to the Board of Directors:

	Votes For -----	Votes Withheld -----
Jonathan R. Phillips	6,630,269	2,256,560
Richard C. Levy, M.D.	6,631,619	2,255,210
Edward J. VonderBrink	6,629,699	2,257,130
J. Brian Patsy	6,624,413	2,262,416

At the Annual Meeting of Stockholders held on May 25, 2005, the stockholders approved (by a vote of 4,076,693 for, 2,317,663 against and 7,675 withheld) the 2005 Incentive Compensation Plan.

Item 6. EXHIBITS

(a) Exhibits

- 3.1 Certificate of Incorporation of LanVision Systems, Inc. (\*)
- 3.2 Bylaws of LanVision Systems, Inc. (\*)
- 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 Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.

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 2, 2005

By: /s/ WILLIAM A. GEERS

-----  
William A. Geers  
Chief Operating Officer

DATE: June 2, 2005

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.
11	Computation of Earnings (Loss) Per Common Share
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EXHIBIT 11

LANVISION SYSTEMS, INC.

Computation of earnings (loss) per share

	Three Months Ended April 30,	
	2005	2004
Net (loss)	\$ (276,519)	\$ (421,064)
Average shares outstanding	9,087,164	9,035,897
Stock options & purchase plan:		
Total options & purchase plan shares	-	-
Assumed treasury stock buyback	-	-
Warrants assumed converted	-	-
Convertible redeemable preferred stock assumed converted	-	-
Number of shares used in per common share computation	9,087,164	9,035,897
Basic net ( loss ) per share of common stock	\$ (0.03)	\$ (0.05)
Diluted net ( loss ) per share of common stock	\$ (0.03)	\$ (0.05)

LANVISION SYSTEMS, INC.

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

CERTIFICATIONS

I, J. Brian Patsy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LanVision Systems, 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 we 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) 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
  - c) Disclosed in this report any change in the registrants internal control over

financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonable 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.

June 2, 2005

/s/ J. Brian Patsy

-----  
Chief Executive Officer and  
President

LANVISION SYSTEMS, 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 LanVision Systems, 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 we 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. 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
  - c. Disclosed in this report any change in the registrants internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonable 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.

June 2, 2005

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

LANVISION SYSTEMS, 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 LanVision Systems, 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 April 30, 2005 (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.

June 2, 2005

/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.

LANVISION SYSTEMS, 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 LanVision Systems, 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 April 30, 2005 (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.

June 2, 2005

/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.