

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 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
(State or other jurisdiction of
incorporation or organization)

31-1455414
(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)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$.01 par value
(Title of Class)

(continued)

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
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10-K. X

The aggregate market value of the voting stock held by nonaffiliates of the registrant, computed using the closing price as reported by The Nasdaq Stock Market for the Registrant's Common Stock on April 22, 2002, was \$13,083,213.00.

The number of shares outstanding of the Registrant's Common Stock, \$.01 par value, as of April 22, 2002: 8,913,947.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Stockholders for the year ended January 31, 2002, are incorporated by reference into Part II of this Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in this Form 10-K, the Annual Report is not deemed to be filed as a part hereof.

Portions of the Registrant's Definitive Proxy Statement for the Annual Meeting of Stockholders to be held on May 29, 2002, are incorporated by reference into Part III of this Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in this Form 10-K, the Definitive Proxy Statement is not deemed to be filed as a part hereof.

FORWARD-LOOKING STATEMENTS

In addition to historical information contained herein, this Annual Report on Form 10-K 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. Factors that might cause such differences include, but are not limited to those discussed in the sections entitled "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." 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 the Company files from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

PART I

ITEM 1. BUSINESS

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 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 (SMS), 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 centralized data center and installed LanVision's Electronic Medical Record suite, called ASPeN (Application Service Provider eHealth Network) within the data center. Under this arrangement, customers electronically capture information and transmit the data to the centralized 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 centralized 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 data center to provide ASP services to LanVision's current and future customers. Although LanVision sold the data center

assets, LanVision continues to market its ASP solutions. LanVision continues to provide its ASP solutions through the data center and intends to utilize other 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.

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

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 accessANYware, codingANYware when it becomes available, and ASPeN services to IDX customers and prospective customers, as defined in the Agreement. No revenues from IDX have been recorded to date.

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.

Healthcare Industry Background

Healthcare expenditures continue to grow at a significant rate and are projected to total \$2.2 trillion and reach 16.2% of the U.S. Gross Domestic Product by 2008. In response to this growth, the healthcare industry is undergoing significant change as competition and cost-containment measures imposed by governmental and private payers have created significant pressures on healthcare providers to control healthcare costs while providing quality patient care. At the same time, the healthcare delivery system is experiencing a shift from a highly fragmented group of non-allied healthcare providers to integrated healthcare networks, which combine all of the services, products and equipment necessary to address the needs of healthcare customers. As a result, healthcare providers are seeking to cut costs, increase productivity and enhance the quality of patient care through improved access to information throughout the entire hospital or integrated healthcare network.

Today, the majority of the patient records are paper-based. The inefficiencies of paper-based records increase the cost of patient care. Physicians often cannot gain access to medical records at the time of patient visits, and multiple users cannot simultaneously access the record when only a single copy of the paper-based patient record is available. Based upon LanVision's experience in installing its systems, a typical 500 bed hospital can produce 15,000 to 20,000 pages of new patient information each day even with computerized admission, billing, laboratory and radiology systems, and individual physician document retrieval requests can be as high as 100 documents per physician per day. The volume of medical images in the patient record is expanding as well. In addition to images such as x-rays and CAT scans, new image forms such

as digitized slides, videos and photographs proliferate. Thus, the ability to store and retrieve images of voluminous paper records and medical images on a timely basis is a critical feature of a complete Computerized Patient Record ("CPR").

In order to simultaneously reduce costs and enhance the level of patient care, hospitals and other healthcare providers are requiring comprehensive, cost-effective information systems that deliver rapid access to fully updated and complete patient information. Traditional Healthcare Information Systems are inadequate because: (i) they do not capture large amounts of the patient records which are paper-based and stored in various sites throughout the enterprise; (ii) computerized patient data is generated using a variety of disparate systems which cannot share information; and (iii) multimedia medical information such as x-rays, CAT scans, MRI's, video and audio information are frequently inaccessible at the point of patient care. Accordingly, hospitals and other healthcare providers have begun to increase their information systems expenditures. In the eleventh Annual Healthcare Information and Management Systems Society ("HIMSS") Leadership Survey, healthcare business issues were driving Information Technology priorities with over half of the respondents indicating that cost pressures would continue to be a driving force in improving operational efficiencies. Included in the top ten Information Technology priorities was the implementation of Computerized Patient Records. Respondents believe that implementing eHealth and HIPAA (Health Insurance Portability and Accountability Act of 1996) strategies (See Regulations Relating to Confidentiality below.) will consume most of the Information Technology budget, because use of interactivity/eHealth solutions has become a competitive advantage. Providers, payers and suppliers know that the consequences of ignoring an eHealth Strategy will result in the loss of market share.

LanVision believes that the new HIPAA regulations will be an impetus for IDN's to begin seriously looking at LanVision products and services as a means of ensuring compliance with the new Federal regulations. A Medical Records Institute annual survey of Electronic Health Records Trends and Usage reported that one of the more interesting findings indicated that forty-one percent of the 299 respondents indicated that they were considering implementing an electronic patient record via an Application Service Provider (such as LanVision) over the next two years (2002 & 2003). In addition, many of the respondents indicated that they were looking toward the ASP to provide connectivity to departmental systems, payers and health plans.

Document imaging and workflow technologies are essential elements of a CPR because they allow for the storage of unstructured data (i.e., patient record elements other than data or text, such as photographs, images of a document, video, x-ray images) and they enable digitized x-rays, CAT scans, MRI's, video and audio information to be accessed and delivered to the caregiver at the point of patient care. LanVision believes the demand for its Healthcare Information Access Systems, which can supply imaging capabilities to the CPR, will increase in future years.

Also, a HIMSS Leadership Survey indicated that 69% of the survey respondents were interested in outsourcing Information Technology functions in ASP services. Additionally, the Information Technology individuals responding to the HIMSS Leadership Survey indicated that security

related to patient records to meet HIPAA regulations was the second most important Information Technology priority within their institutions. The number one priority was to deploy Internet technology to support eHealth by moving healthcare transactions to the Web and enhancing Web-based disease management within the community.

In addition to mandated Health Insurance Portability and Accountability Act of 1996 Federal regulations, the healthcare industry is being strongly encouraged by many professional medical organizations to make greater use of information technology. A report by the Institute of Medicine ("IOM") of the National Academies, entitled "To Err is Human: Building a Better Health System," envisioned a revamped system that, among other things, makes greater use of information technology to enable providers and institutions to move away from paper-based medical record systems to take advantage of new information technology. The American Medical Association, American Academy of Family Physicians, American College of Physicians, American Society of Internal Medicine, and the American College of Surgeons, issued a joint statement supporting the IOM recommendations.

Regulations Relating to Confidentiality

Federal and state laws regulate the confidentiality of patient records and the circumstances under which such records may be released. These regulations govern both the disclosure and use of confidential patient medical record information. Regulations governing electronic health data transmissions are evolving rapidly and are often unclear. On August 22, 1996, the President signed the Health Insurance Portability and Accountability Act of 1996. This legislation required the Secretary of Health and Human Services (the "Secretary") to adopt national standards for certain types of electronic health information transactions and the data elements used in such transactions and to adopt regulations to ensure the integrity and confidentiality of health information. The Secretary has issued final regulations as to Transactions and Code Sets and Privacy, which are scheduled to go into effect in 2003. Compliance with the new regulations will be required within 24 to 36 months after the effective date. However, additional HIPAA regulations, such as the proposed Security Rule regulations and interpretations, are expected to be released in the future. LanVision believes that the regulations issued to date would not have a material adverse affect on its business. LanVision cannot predict the potential impact of the regulations that have not yet been released or any other regulations that might be adopted. Congress may adopt legislation that may change, override, conflict with or preempt the currently issued regulations. Additionally, legislation governing the dissemination of medical record information is also frequently proposed and debated at the state level. These laws or regulations, when adopted, could restrict the ability of customers to obtain, use or disseminate patient information.

LanVision believes that the features and architecture of LanVision's products are such that it should be able to make the necessary modifications to its products, if required, to ensure continuing compliance with HIPAA, and other legislation or regulations. However, if the regulations are unduly restrictive, this could cause delays in the delivery of new versions of

products and adversely effect the licensing of LanVision's products. Overall, LanVision believes the HIPAA regulations will stimulate healthcare organizations to purchase computer-based patient medical record systems that automate the collection and use of medical record information, while maintaining appropriate security over the information. However, there can be no assurance that an increase in the purchase of new systems or additional use of LanVision application-hosting services will occur.

Rapid Technological Change and Evolving Market

The market for LanVision's products and services is characterized by rapidly changing technologies, regulatory requirements, evolving industry standards and new product introductions and enhancements that may render existing products obsolete or less competitive. As a result, LanVision's position in the healthcare information technology market could change rapidly due to unforeseen changes in the features and functions of competing products, as well as the pricing models for such products. LanVision's future success will depend in part upon LanVision's ability to enhance its existing products and services and to develop and introduce new products and services to meet changing requirements.

Changes and Consolidation in the Healthcare industry

LanVision derives substantially all of its revenues from the licensing of Medical Records software and providing application-hosting ASP services within the healthcare industry. Accordingly, the success of LanVision is dependent upon the regulatory and economic conditions in the healthcare industry. Many healthcare providers are consolidating to establish integrated delivery networks to take advantage of economies of scale, greater marketing power and greater leverage in negotiating with vendors who supply the industry with the goods and services they require. The impact of such consolidations LanVision believes, will benefit the Company as more healthcare organizations investigate methods to streamline operations, reduce costs and improve the quality of patient care through the use of information technology, especially in the paper intensive area of Medical Records.

Key personnel

LanVision's success depends, to a significant degree, on its management and technical personnel. LanVision must recruit, motivate and retain highly skilled managers, consulting and technical personnel, including application programmers, database specialists, consultants and system architects skilled in the technical environments in which LanVision's products operate. Competition for such technical expertise is intense.

Limited Protection of Proprietary Technology

The success of LanVision depends on the protection of its intellectual property rights relating to its proprietary technology. LanVision relies on a combination of trade secret laws, copyrights and restrictions on the disclosure of its intellectual property. Notwithstanding these precautions, others may copy, reverse engineer or design independently, technology similar to LanVision's products. It may be necessary to litigate to enforce or defend LanVision's proprietary technology or to determine the validity of the intellectual property rights of others. LanVision could also be required to defend itself against claims made by third parties for intellectual property right infringement. Any litigation, could be successful or unsuccessful, may result in substantial cost and require significant attention by management and technical personnel. LanVision is currently litigating two cases to protect LanVision's proprietary technology that it believes is being used by others. The outcome of the litigation is presently not determinable. However, LanVision believes that its claims are valid and can be substantiated. The remedies and damages, if any, are not presently determinable.

Warranties

LanVision's products are very complex and may not be error free, especially when first released. Failure of any LanVision product to operate in accordance with its specifications and documentation could constitute a breach of the license agreement and require LanVision to correct the deficiency. If such deficiency could not be corrected in a timely manner, it could constitute a material breach of a contract allowing the termination thereof and possible subjecting LanVision to liability.

Competition

Several companies historically have dominated the Healthcare Information Access Systems market. The industry is currently undergoing consolidation and realignment as companies position themselves to compete more effectively. Strategic alliances between vendors of Healthcare Information Access Systems and vendors of other healthcare systems are increasing. Barriers to entry to this market include technological and application sophistication, the ability to offer a proven product, a well-established customer base and distribution channels, brand recognition, the ability to operate on a variety of operating systems and hardware platforms, the ability to integrate with pre-existing systems and capital for sustained development and marketing activities. LanVision believes that these barriers taken together represent a moderate to high level barrier to entry. Foreign competition has not been a significant factor in the market, to date.

LanVision's competitors include Healthcare Information Access Systems vendors that are larger and more established and have substantially more resources than LanVision. In addition, information and document management companies serving other industries may enter the market. Suppliers and companies with whom LanVision may establish strategic alliances may also

compete with LanVision. Such companies and vendors may either individually, or by forming alliances excluding LanVision, place bids for large agreements in competition with LanVision. A decision on the part of any of these competitors to focus additional resources in the image-enabling and other markets addressed by LanVision could have a material adverse effect on LanVision.

LanVision believes that the principal competitive factors in its market are customer recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, customer service and support, breadth and quality of the systems, the potential for enhancements and future compatible products, the effectiveness of marketing and sales efforts, price and the size and perceived financial stability of the vendor. In addition, LanVision believes that the speed with which companies in its market can anticipate the evolving healthcare industry structure and identify unmet needs are important competitive factors. There can be no assurance that LanVision will be able to compete successfully in the future against existing or potential competitors.

LanVision believes that its principal competitors are: American Management Systems, Incorporated; Cerner Corporation, IMNET Systems, Inc. (a subsidiary of McKesson HBOC, Inc.); MedPlus, Inc. (a subsidiary of Quest Diagnostics Incorporated) and Intelus Corporation (a subsidiary of Eclipsys Corporation).

The LanVision Solution

LanVision's Healthcare Information Access Systems provide Electronic Medical Record solutions for the patient information access needs of hospitals and integrated healthcare delivery networks. LanVision's systems enable medical and administrative personnel to rapidly and efficiently capture, store, manage, route, retrieve and process vast amounts of clinical and financial patient information.

LanVision's systems: (i) capture and store electronic data from disparate hospital information systems through real-time, computerized interfaces; (ii) facilitate the storage of digitized multimedia data and medical images such as x-rays, CAT scans, MRI's, video and audio information; (iii) provide applications for efficiently scanning and automatically indexing paper-based records; (iv) allow storage of a patient's lifetime medical record on low cost optical disks which also provides rapid access to high volumes of data enterprisewide; (v) provide workflow automation to facilitate the re-engineering of business processes; and (vi) incorporate physician-oriented interfaces that allow the user to easily locate and retrieve patient information in the hospital or clinical setting, including the point of patient care.

LanVision's Healthcare Information Access Systems provide financial, administrative, and clinical benefits to the healthcare provider and facilitate more effective patient care. These benefits include: improved access to patient information to assist in making informed clinical and financial decisions; reduced costs for administrative personnel due to increased workflow

efficiency, as data can be routed within an organization to all users who need to process that information simultaneously or in sequence as required; increased productivity through the elimination of file contention by providing multiple users simultaneous access to patient medical records; reduced costs and improved care through the reduction of unnecessary testing and admissions; improved cash flow through accelerated account receivable collections and reductions in "technical denials" (which occur when a third-party payer refuses payment because of the provider's inability to substantiate billing claims due to loss of portions or all of the patient record); expedited treatment decisions, and fewer redundant tests as a result of timely access to complete information; fewer medical record errors by minimizing misfiled, lost and improperly completed records; and increased security of patient information through improved controls on access to confidential data and the creation of audit trails that identify the persons who accessed or even tried to access such information.

In 1998, LanVision successfully launched its ASP Division that utilizes LanVision's Web browser-based technology ASPeN(SM) (Application Service Provider eHealth Network) to deliver patient information via a secure Internet/Intranet from a remote central data center to anyone with access to the healthcare network on a real-time basis. (See Application Service Provider Application-hosting Services below.)

The LanVision Strategy

LanVision's objective is to continue to be a leading provider of Healthcare Information Access Systems, which provide Electronic Medical Record solutions to the healthcare industry. Important elements of LanVision's business strategy include:

Expand Distribution Channels

LanVision estimates the market for LanVision's products and services could be in excess of \$1 billion, and the market is less than 10% penetrated. A recent healthcare industry report 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 strongly believes its highly evolved, secure and technologically advanced Web browser-based ASP solutions will position the Company to take advantage of, what it continues to believe will be, significantly increasing market opportunities for LanVision and its distribution partners in the future.

In 1998, LanVision took a major step forward in improving and expanding its sales distribution when it entered into a five year Remarketing Agreement with Siemens Medical Solutions Health Services Corporation, one of the leading providers of information technology to the healthcare

industry. SMS serves more than 3,500 healthcare organizations throughout North America and Europe, and will sell LanVision's Electronic Medical Record imaging/management and workflow products as an integrated component of the SMS(R) NOVIUS(R) product line.

In January 2002, LanVision entered into a five year Remarketing Agreement with IDX Information Systems Corporation, which offers a wide variety of patient care products to integrated delivery networks, group practices, academic medical centers, radiological centers and hospitals nationwide. IDX has installed its products at more than 2,600 customers sites with systems deployed to serve over 120,000 physicians. Under the terms of the agreement, IDX was granted a non-exclusive worldwide license to distribute accessANYware, codingANYware when it becomes available, and ASPeN services to IDX customers and prospective customers, as defined in the Agreement. IDX's will sell LanVision's Electronic Medical Record imaging/management and workflow products as an integrated component of the IDX clinical information systems, which IDX can remarket as an integrated solution with either IDX product Carecast(TM) or LastWord(R).

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. LanVision will imbed the 3M Health Record Management Software for Medical records abstracting within its codingANYware product.

In December 2001, LanVision entered into an agreement with Iron Mountain Incorporated, a leader in records and information management services, in which LanVision will integrate its document imaging products with Iron Mountain's Digital Archives Services and develop joint marketing programs.

It is LanVision's intention to develop additional remarketing alliances with other Healthcare Information Systems vendors and to explore other means of expanding LanVision's distribution channels.

Application Service Provider Application-hosting Services

LanVision established an Application Service Provider Division, which utilizes LanVision's Web browser-based applications across an Internet/Intranet, to deliver high quality, transaction-based document imaging/management services to healthcare providers from a centrally located data center. The division enables its healthcare customers to achieve enhanced patient care, improved security and accessibility to patient records at significant cost savings with minimal up-front capital investment, maintenance and support costs. Customers realize benefits more quickly, with less economic risk. Customers are charged on a per transaction or subscription basis, which is an attractive alternative to purchasing an in-house system. This service is made possible through the advancement of Web browser-based technology, state-of-the-art communication technology and advanced software design.

Maintain Technological Leadership Through the Development of New Software Applications and Increased Functionality of Existing Applications

LanVision intends to continue its product development efforts and increase the functionality of existing applications along with the development of new applications using document imaging and workflow technologies. In particular, LanVision intends to increase the functionality of its Web browser-based applications. LanVision has continued to add new features and functionality to its Electronic Medical Record solution suite of products, including new security modules, multi-entity support, non-patient folders, etc.

LanVision has released its newest product, accessANYware(SM), a Web browser-based application with a Graphical User Interface that includes the best features of LanVision's entire product portfolio, including AccountVision(TM). AccessANYware utilizes a common database for medical records and patient accounting, thereby improving system administration and eliminating redundant data entry.

Currently, LanVision is also developing codingANYware(SM) a new product that will provide workflow automation of the coding and abstracting process by allowing hospital personnel to electronically access documents to be coded and abstracted from remote locations, including the employee's home. CodingANYware may also be integrated with third-party encoding or abstracting software, such as 3M, thus avoiding redundant data entry.

LanVision believes only the most robust, flexible, dependable products will survive in the healthcare market, and LanVision has attempted to establish itself as the leader in document imaging/management and workflow applications through strong product development.

Image-Enable Clinical Data Repositories and Other Applications Software

Today, healthcare information is often stored on numerous dissimilar host-based and departmental systems that are spread throughout an enterprise and are not integrated. Additionally, these current systems do not address the data stored on paper or the increasing volume of medical images such as x-rays, CAT scans, digitized slides, exploratory scopes, photographs, audio, etc. LanVision believes the efficiencies and productivity of hospitals and integrated healthcare delivery networks can be greatly enhanced by seamlessly integrating their historical information systems with document imaging and workflow applications. Physicians, clinicians and other healthcare users then have access to the complete patient record, including the structured data, such as a lab result, and the related unstructured data, such as an x-ray or a doctor's hand written notes. LanVision has image-enabled many popular Clinical Data Repositories, such as those offered by Oacis Healthcare Holdings Corp., IDX Information Systems Corporation, and Cerner Corporation. LanVision is marketing image-enabling technology through its OmniVision(TM), WebView and LV Application Bridge products.

LanVision intends to continue to aggressively market its unique image-enabling solutions to end-users and other third-party software application providers. LanVision has several large scale, Enterprisewide image enabled sites, including over 3,500 workstations at Memorial Sloane-Kettering Cancer Center.

Systems and Services

LanVision's systems employ an open architecture that supports a variety of operating systems, including Microsoft Windows, Windows 95, 98, NT and 2000 and UNIX. LanVision's systems can be configured with various hardware platforms, including INTEL-compatible personal computers, IBM RS/6000 and Hewlett-Packard 9000. LanVision's systems include a graphical user interface designed specifically by LanVision for physicians and other medical and administrative personnel in hospitals and integrated healthcare networks. LanVision's systems operate on multiple imaging platforms, including SMS, FileNet and Kofax. LanVision's Healthcare Information Access Systems incorporate advanced features, including workflow and security features that allow customers to restrict direct access to confidential patient information, secure patient data from unauthorized indirect access and have audit trail features.

A brief description of LanVision's products follows.

LanVision products and services are built using advanced document imaging/management and workflow automation technology to create robust Electronic Medical Record applications. Document imaging technology makes paper-based information, as well as medical images, sound and video information as readily available and easy to process as traditional electronic data. Workflow automation offers intelligent electronic routing of documents, sophisticated management tools and reporting to increase efficiency and to support business process re-engineering efforts.

LanVision's products and services were designed to be complementary with existing third-party Healthcare Information Systems (HIS) applications and ASP-based services, providing value-added functionality to these third-party applications, including the following:

- - the ability to gain seamless electronic access to paper-based medical records, business office documents and medical images (unstructured data),
- - workflow-based automated chart deficiency analysis and completion,
- - workflow-based automated release of information and billing,
- - workflow-based remote coding and seamless integration to third-party encoder and abstracter software, and
- - archival support for a legal/historical repository of patient information.

LanVision has developed innovative application tool sets to "image and web-enable" existing HIS clinical and billing applications, thus allowing clients to have a common graphical user

interface on a universal workstation. LanVision has also developed its own proprietary document imaging middleware (Foundation Suite) to efficiently provide the object-oriented business processes common to all of its applications, such as scanning/indexing, faxing/printing, data archiving migration, security and auditing. Through its application software, document imaging middleware, and its workflow, image and web-enabling tools, LanVision allows the seamless merging of its Medical Record and Patient Billing department "back office" functionality with existing clinical information systems at the desktop.

For maximum flexibility, the most current LanVision family of products and services is made up of five distinct offerings: The accessANYware Application Suite, codingANYware, The LanVision Application Bridge, The Foundation Suite, and ASPeN, our ASP-based Electronic Medical Record services.

THE ACCESSANYWARE APPLICATION SUITE...a Web browser-based application suite

accessANYware is LanVision's fifth-generation Web-based Electronic Medical Record application that provides authorized users with access to all the various forms of patient health information from a single point of entry. It allows authorized users to perform document searching, retrieval, viewing, processing, printing and faxing, as well as report generation ..all from a single login. COMPLETIONANYWARE is an integrated module of accessANYware that provides analysts and clinicians the ability to remotely analyze and complete deficient records. In addition to a single login, accessANYware delivers a single user interface and integrated database. Therefore, from a single login to the system, users with appropriate security have the ability to search and retrieve information regarding patients and cases (for chart analysis), view, print and fax patient documents, as well as analyze or complete deficient documents, via the completionANYware module. The functions presented to the user vary with the user's security. For example, if the user is a clinician, he/she is presented with an inbox function that displays a list of incomplete charts (awaiting completion) and a list of "linked" patients assigned to them. The clinician then has the option to complete deficient charts, or retrieve patient information, via searching or by clicking on the "linked" patients within their inbox. This access may occur from any workstation within the facility, the physician's office, or some other remote site. With proper security the user is able to view, print and fax patient information.

LanVision clients also have the option of further enhancing the productivity of their operations through the addition of the ENTERPRISEWIDE CORRESPONDENCE (EWC) module. EWC fulfills internal and external requests for information and allows for automatic invoicing capability. It also provides the ability to electronically search for, print, mail or fax information to third parties that request copies of patient records.

CODINGANYWARE...coding capabilities, anywhere, anytime

Due to an acute shortage of available coding personnel, there currently exists a great demand for solutions to attract and retain qualified coders and to make the coding process more efficient. In May of 2002, LanVision will introduce codingANYware, which will provide workflow

automation of the coding and abstracting process by allowing hospital personnel to electronically access documents to be coded and abstracted from remote locations, including the employee's home. codingANYware may also be integrated with third-party encoding or abstracting software, avoiding redundant data entry.

THE LANVISION APPLICATION BRIDGE (LVAB)...an image-enabling tool

LVAB supports powerful image-enabling and workflow technology that allows healthcare users to immediately and simultaneously access any patient information, including multimedia and paper-based information, through their existing third-party clinical or billing applications. As a result, any application across the entire enterprise can be image-enabled, including the host Healthcare Information Systems, Patient Billing Systems, Clinical Data Repositories and others. When the Clinical Data Repository is image-enabled, users can access any piece of information on the same workstation and from the same screen display, including the point of patient care. This means users can view traditional electronic data and images simultaneously on the same screen without signing in and out of multiple applications.

THE FOUNDATION SUITE...the document imaging/management infrastructure middleware

The Foundation Suite is robust middleware architecture for document imaging/management infrastructure, built for maximum performance in high document volume settings and optimized for the healthcare industry. The features resident in the Foundation Suite were built around patient-oriented objects that result in more efficient code and rapid delivery to market of new applications. The Foundation Suite is designed in a reusable object-oriented environment, utilizing a 32-bit Windows NT-based architecture, that provides the following essential document imaging/management functions: security, auditing, data access, printing/faxing, scheduling, data archiving migration and full problem diagnosis. The Foundation Suite offers the following unique enhanced security and auditing functions that facilitate HIPAA Compliance and are essential to integrated delivery networks in a multi-entity environment:

- - multiple levels of security (administrative, user, patient, document, workstation, physical location, and healthcare entity) configurable by user, workstation and location, and
- - full audit trails and reporting of every record viewed, printed, faxed, processed or unauthorized login attempts at the patient encounter or document level.

ASPeN...Application Service Provider eHealth Network

LanVision's ASPeN, ASP-based Electronic Medical Record and Business Office Services, offers healthcare providers an even more cost-effective solution to manage patient information. Through its use of Internet/Intranet technology, ASPeN helps hospitals and integrated delivery networks overcome the barriers of high capital and start-up costs as well as the technological burdens of implementing a document imaging/management and workflow system. ASPeN delivers Electronic Medical Record and Business Office services to its healthcare customers on an outsourced basis from a central data center. Hospitals and integrated delivery systems can

therefore take advantage of a private Intranet or the World-Wide-Web, the lowest cost network infrastructure, for truly enterprise-wide, secure access to healthcare information.

PROFESSIONAL SERVICES

LanVision provides a full complement of professional services to implement its software applications. LanVision believes that high quality consulting and professional implementation services are critical to attracting new customers and maintaining existing customer satisfaction. These services include implementation and training, project management, business process re-engineering and custom software development. The implementation and training services include equipment and software installation, system integration and comprehensive training. The project management services include needs and cost/benefit analysis, hardware and software configuration and business process re-engineering. The custom software development services include interface, workflow and report development.

RESEARCH AND DEVELOPMENT

LanVision continues to focus its research and development efforts to develop new application software and increase the functionality of existing applications. Customer requirements and desires significantly influence LanVision's research and development efforts. In 1996 and 1997, LanVision significantly expanded its development efforts. In late 1997 and early 1998, LanVision completed many of its major development projects. Whereupon, LanVision began to reduce the use of outside contractors and development staff as projects were completed.

Product research and development expense was \$1,381,557, \$1,674,383 and \$2,166,441 in 2001, 2000 and 1999, respectively. In addition, LanVision also capitalized \$500,000, \$420,000 and \$300,000 of research and development expenditures in 2001, 2000 and 1999, respectively.

Existing Customers

LanVision's customers include healthcare providers located throughout the United States. LanVision has implemented or is in the process of implementing one or more of its systems in the following institutions:

Albert Einstein Healthcare Network, Philadelphia, PA
Beth Israel Medical Center, New York, NY; including
Phillips Ambulatory Care Center, New York, NY Children's
Medical Center of Dallas, Dallas, TX Christiana Care Health
Services, New Castle, DE Cox Health Systems, Springfield, MO
Holzer Medical Center, Gallipolis, OH Medical College of
Georgia, Augusta, GA Medical University of South Carolina,
Columbia, SC Memorial Sloan-Kettering Cancer Center, New York,
NY
OhioHealth Corporation: Grant/Riverside Methodist Hospitals, Columbus, OH
ProMedica Health Systems, Toledo, OH
Stanford Hospital and Clinics, Palo Alto, CA
Texas Health Resources, Inc.: Harris Methodist Hospital, Fort Worth, TX
University of Pittsburgh Medical Center, Pittsburgh, PA

Application Service Provider Division Customers:

The Health Alliance of Greater Cincinnati, Cincinnati, OH
Kettering Medical Center Network, Kettering, OH

In addition to the institutions listed above, SMS has sold the LanVision Electronic Medical Record suite of products to twenty-one healthcare organizations as of January 31, 2002.

Excluding our remarketing partners, in fiscal year 2001, Memorial Sloan-Kettering Cancer Center, The Health Alliance of Greater Cincinnati and Texas Health Resources, Inc.: Harris Methodist Hospital accounted for 11%, 7% and 6%, respectively of LanVision's total revenues. In fiscal year 2000, Memorial Sloan-Kettering Cancer Center, The Health Alliance of Greater Cincinnati, and Medical College of Georgia, accounted for 11%, 10% and 8%, respectively of LanVision's total revenues. In fiscal year 1999, Beth Israel Medical Center, Stanford Hospital and Clinics, and Memorial Sloan-Kettering Cancer Center, accounted for 10%, 9% and 9%, respectively of LanVision's total revenues.

The small number of customers and extended sales cycles has contributed to variability in quarterly and annual operating results. LanVision expects that as its customer base continues to increase, and sales through the SMS Remarketing Agreement increase and sales through the IDX Remarketing Agreement commence, the actions of any one customer will have less of an effect on its quarterly and annual operating results.

Signed Agreements - Backlog

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

At January 31, 2002, 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 ASP Division) which have not been delivered, installed and accepted which, if fully performed, would generate future revenues of approximately \$4,417,000. The related products and services are expected to be delivered over the next two to three years. Furthermore, the ASP Division has entered into an application-hosting agreements, which are expected to generate revenues in excess of \$840,000 over the remaining life of the agreements.

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 ASP Division. Therefore, LanVision is unable to accurately predict 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.

Royalties

LanVision incorporates software licensed from various vendors into its proprietary software. In addition, third-party, stand-alone software is required to operate LanVision's proprietary software. LanVision licenses these software products, and pays the required royalties and/or license fees when such software is delivered to LanVision's customers.

Employees

As of March 31, 2002, LanVision had 62 full-time employees. In addition, LanVision utilizes independent contractors to supplement its staff, as needed. None of LanVision's employees are represented by a labor union or subject to a collective bargaining agreement. LanVision has never experienced a work stoppage and believes that its employee relations are good.

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 \$172,656, 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 SMS 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 SMS. 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 Data Center for \$2,900,000. LanVision received \$2,000,000 and the remaining \$900,000 was received in twelve monthly installments commencing March 1, 2000. The sale resulted in a gain of approximately \$1,400,000.

At January 31, 2002, LanVision had cash and cash equivalents of \$7,865,053. 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 January 31, 2002.

ITEM 2. PROPERTIES

LanVision's principal offices are located at 5481 Creek Road, Cincinnati, Ohio 45242-4001. The offices consist of approximately 15,000 square feet of space under a lease that expires in January 2003. The rental expense for these facilities approximates \$123,000 annually.

LanVision believes that its facilities are adequate for its current needs and that suitable additional or substitute space will be available as needed to accommodate expansion of LanVision's operations.

ITEM 3. 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions held by the Executive Officers of the Company on April 22, 2002 are:

Name ----	Age ---	Position(1) -----	Elected to Present Position(2) -----
J. Brian Patsy	51	Chairman of the Board, President, Chief Executive Officer, and Director	1989
Eric S. Lombardo	49	Executive Vice President, Corporate Secretary, and Director	1989
Paul W. Bridge, Jr.	58	Chief Financial Officer, and Treasurer	2001
Donald E. Vick, Jr.	38	Controller, and Assistant Treasurer	2002

(1) All current officers of the Company hold office until their successors are elected and qualified or until any removal or resignation. Officers of the Company are elected by the Board of Directors and serve at the discretion of the Board. For purposes of the descriptions of the background of LanVision's Executive Officers, the term "Company" refers to both LanVision Systems, Inc. and its predecessor LanVision, Inc."

(2) Represents date of election to Registrant or its predecessor.

J. Brian Patsy is a co-founder of the Company and has served as the President, and a Director since LanVision's inception in October 1989. Mr. Patsy was appointed Chairman of the Board and Chief Executive Officer in March 1996. Mr. Patsy has over 28 years of experience in the information technology industry.

Eric S. Lombardo is a co-founder of the Company and has served as a Director since LanVision's inception and as Executive Vice President of the Company since May 1990. Mr. Lombardo has over 26 years of experience in the information technology industry.

Paul W. Bridge, Jr. joined the Company in 1996, as Controller. In January 2001, he assumed the additional responsibility of Chief Financial Officer. From 1993 until he joined LanVision, Mr. Bridge served as Controller of Cincom Systems, Inc., an international software development and marketing company. Mr. Bridge is a Certified Public Accountant (inactive).

Donald E. Vick, Jr. joined the Company in 1997, as Assistant Controller. In 2002 he was appointed Controller and Assistant Treasurer. Prior to joining LanVision, Mr. Vick served as Assistant Controller of Cincom Systems, Inc., an international software development and marketing company. Mr. Vick is a Certified Public Accountant and has over 15 years of experience in the information technology industry.

There are no family relationships between any Director or Executive Officer and any other Director or Executive Officer of the Registrant.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) The Company's Common Stock trades on The Nasdaq SmallCap Market under the symbol LANV. The table below sets forth the high and low sales prices for LanVision Systems, Inc. Common Stock for each of the quarters in fiscal years 2001 and 2000, as reported by The Nasdaq Stock Market, Inc.

Fiscal Year 2001 -----	High ----	Low ---
1st Quarter (February 1, 2001 through April 30, 2001)	\$ 1.313	\$ 0.563
2nd Quarter (May 1, 2001 through July 31, 2001)	1.750	0.950
3rd Quarter (August 1, 2001 through October 31, 2001)	1.700	0.850
4th Quarter (November 1, 2001 through January 31, 2002)	4.980	1.070

Fiscal Year 2000 -----	High ----	Low ---
1st Quarter (February 1, 2000 through April 30, 2000)	\$ 3.469	\$ 1.188
2nd Quarter (May 1, 2000 through July 31, 2000)	2.000	0.875
3rd Quarter (August 1, 2000 through October 31, 2000)	1.625	0.813
4th Quarter (November 1, 2000 through January 31, 2001)	1.344	0.438

The market price of the Common Stock could be subject to significant fluctuations based on factors such as announcements of new products or customers by LanVision or its competitors, quarterly fluctuations in LanVision's financial results or other competitors' financial results, changes in analysts' estimates of LanVision's financial performance, general conditions in the healthcare imaging industry as well as conditions in the financial markets. In addition, the stock market in general has experienced extreme price and volume fluctuations which have particularly affected the market price of many high technology companies and which have been often unrelated to the operating performance of a specific company. Many technology companies, including LanVision, have recently experienced fluctuations in the market price of their equity securities. There can be no assurance that the market price of the Common Stock will not decline, or otherwise continue to experience significant fluctuations in the future.

(b) According to the transfer agent records, the Company had 200 stockholders of record as of April 1, 2002. Because brokers and other institutions on behalf of stockholders hold many of such shares, the Company is unable to determine with complete accuracy the total number of stockholders represented by these record holders. The Company estimates that it has approximately 2,010 stockholders.

(c) The Company has not paid any cash dividends on its Common Stock since its inception and does not intend to pay any cash dividends in the foreseeable future due to the restrictive financial covenants in its long-term debt agreement.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth consolidated financial data with respect to the Company for each of the five years in the period ended January 31, 2002. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes incorporated herein by reference elsewhere in this Annual Report on Form 10-K report.

	Fiscal Year(1)				
	2001	2000	1999	1998	1997
(In thousands, except per share data)					
Total revenues	\$ 10,939	\$ 9,576	\$ 10,471	\$ 12,010	\$ 8,676
Total operating expenses	8,920	9,509	13,054	22,470	22,493
Operating profit (loss)	2,019	67	(2,583)	(10,460)	(13,818)
Net earnings (loss)	210	21	(3,247)	(10,926)	(12,669)
Basic net earnings (loss) per share of Common stock	.02	.00	(.37)	(1.24)	(1.44)
Diluted net earnings (loss) per share of Common stock	.02	.00	(.37)	(1.24)	(1.44)
Total assets	13,509	14,358	14,719	17,485	22,200
Long-term debt, including current portion	5,000	6,000	6,000	6,000	-
Convertible redeemable preferred stock	-	-	-	-	-
Total stockholders' equity	2,906	2,655	2,613	5,847	16,816
Weighted average shares outstanding	8,890	8,863	8,827	8,811	8,827
Cash dividends declared	-	-	-	-	-

(1) All references to a fiscal year refer to the fiscal year of the Company commencing February 1 of that calendar year and ending on January 31 of the following year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information regarding Management's Discussion and Analysis of the Company's Financial Condition and Results of Operations as required by Item 303 of Regulation S-K is incorporated

herein by reference from pages 9 through 18 of the Company's 2001 Annual Report to Stockholders appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

LanVision currently invests its cash balances, in excess of its current needs, in overnight bank deposits and 30-day commercial paper. In prior years, LanVision invested excess funds in US Government Securities. LanVision did not invest for the purposes of trading in securities; however, the portfolio was managed and invested for maximum return on the investments. Additionally, LanVision does not have any significant market risk exposure at January 31, 2002.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Financial Statements are incorporated herein by reference from pages 20 through 32 of LanVision's 2001 Annual Report to Stockholders. The supplementary quarterly financial information regarding the Company as required by Item 302 of Regulation S-K is incorporated herein by reference from page 31 & 32 of LanVision's 2001 Annual Report to Stockholders appearing under the caption "Quarterly Results of Operations (Unaudited)".

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

No change in the Company's auditors has taken place within the twenty-four months prior to, or in any period subsequent to, LanVision's January 31, 2002 Financial Statements.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information regarding Directors required by Items 401 and 405 of Regulation S-K is incorporated herein by reference from the Company's Definitive Proxy Statement for its Annual Stockholder's Meeting to be held on May 29, 2002 from the information appearing under the caption "Election of Directors" and "Stock Ownership by Certain Beneficial Owners and Management." Certain information regarding the Company's Executive Officers is set forth in Part I, Item 4 of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information regarding Executive Compensation required by Item 402 of Regulation S-K is incorporated herein by reference from the Company's Definitive Proxy Statement for its Annual Stockholder's Meeting to be held on May 29, 2002 from the information appearing under the caption "Executive Compensation", except that the information required by Item 402 (k) and (l) of Regulation S-K which appears within such caption under the subheading "Compensation Committee Report", "Audit Committee Report" and the caption "Stock Performance Graph" and set forth in the Company's Definitive Proxy Statement for its Annual Stockholder's Meeting to be held on May 29, 2002 is specifically not incorporated herein by reference into this Form 10-K or into any other filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 12. SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information regarding Security Ownership of the Company's Common Stock by certain beneficial owners and management required by Item 403 of Regulation S-K is incorporated herein by reference from the Company's Definitive Proxy Statement for its Annual Stockholder's Meeting to be held on May 29, 2002 from the information appearing under the caption "Stock Ownership by Certain Beneficial Owners and Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information regarding certain relationships and related transactions required by Item 404 of Regulation S-K is incorporated herein by reference from the Company's Definitive Proxy Statement for its Annual Stockholder's Meeting to be held on May 29, 2002 from the information appearing under the caption "Certain Relationships and Related Transactions."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

FINANCIAL STATEMENTS

The following Consolidated Financial Statements of the Company included in the Company's 2001 Annual Report to Stockholders are incorporated herein by reference from pages 20 through 32 of the Annual Report.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

Consolidated Balance Sheets at January 31, 2002 and 2001

Consolidated Statements of Operations for the three years ended January 31, 2002

Consolidated Statements of Cash Flows for the three years ended January 31, 2002

Consolidated Statements of Changes in Convertible Redeemable Preferred Stock and Stockholders' Equity for the three years ended January 31, 2002

Notes to Financial Statements

FINANCIAL STATEMENT SCHEDULE

The following Financial Statement Schedule of LanVision Systems, Inc. is included in this Item 14.

Schedule -----	Description -----
II	Valuation and Qualifying Accounts and Reserves

All other schedules have been omitted because the information either has been shown in the Consolidated Financial Statements or Notes thereto, or is not applicable or required under the instructions.

The Report of Independent Auditors on the Financial Statement Schedule of LanVision Systems, Inc. is included in Exhibit 23.1 of this Form 10-K.

EXHIBITS

Exhibit No. -----	Description of Exhibit -----
3.1	Certificate of Incorporation of LanVision Systems, Inc.
3.2	Bylaws of LanVision Systems, Inc.
3.3	Certificate of the Designations, Powers, Preferences and Rights of the Convertible Preferred Stock (Par Value \$.01 Per Share) of LanVision Systems, Inc.
4.1	Specimen Common Stock Certificate of LanVision Systems, Inc.
4.2	Specimen Preferred Stock Certificate of LanVision Systems, Inc.
4.3(a)	Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
4.3(b)	First Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
4.3(c)	Second Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
4.3(d)	Third Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
4.3(e)	Fourth Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
4.3(f)	Fifth Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.
10.1	# LanVision Systems, Inc. 1996 Employee Stock Option Plan
10.2(a)	# LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan
10.2(b)	# First Amendment to LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan
10.2(c)	# Second Amendment to LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan
10.3	# LanVision Systems, Inc. 1996 Employee Stock Purchase Plan
10.4	# George E. Castrucci Option Agreement
10.5	# Employment Agreement between LanVision, Inc. and Donald E. Vick effective December 3, 1996
10.6	# Employment Offer of LanVision, Inc. to Paul W. Bridge, Jr. effective April 11, 1996
10.7(a)	Stock Purchase and Shareholder Agreement among LanVision, Inc., Blue Chip Capital Fund Limited Partnership, J. Brian Patsy and Eric S. Lombardo dated December 1, 1994
10.7(b)	Amendment No. 1 to Stock Purchase and Shareholder Agreement among Blue Chip Capital Fund Limited Partnership, LanVision, Inc., J. Brian Patsy, Eric S. Lombardo and LanVision Systems, Inc. dated February 8, 1996
10.8	Consent by Blue Chip Capital Fund Limited Partnership dated

- 10.9 February 8, 1996
Lease for office space between Creek Road Warehouse Complex, LLC and LanVision, Inc., dated May 4, 2000
- 10.10 Marketing Agreement between Shared Medical Systems Corporation and LanVision Systems, Inc. and LanVision, Inc. entered into on February 21, 1998
- 10.11 Reseller Agreement between IDX Information Systems Corporation and LanVision, Inc. entered into on January 30, 2002
- 10.12 Form of Indemnification Agreement for all directors and officers
- 11.1 Statement Regarding Computation of Per Share Earnings
- 13.1 Annual Report to Stockholders
- 21.1 Subsidiaries of the Registrant
- 23.1 Consent of Independent Auditors

Management Contracts and Compensatory Arrangements

REPORTS ON FORM 8-K

None.

SIGNATURES

Pursuant to the requirements of section 13 or 15 (d) 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: April 23, 2002

By: /s/ J. BRIAN PATSY

J. Brian Patsy
Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the date indicated.

/s/ J. Brian Patsy Chief Executive Officer April 23, 2002
----- And Director
J. Brian Patsy

/s/ Eric S. Lombardo Director April 23, 2002

Eric S. Lombardo

/s/ George E. Castrucci Director April 23, 2002

George E. Castrucci

/s/ Z. David Patterson Director April 23, 2002

Z. David Patterson

/s/ Richard C. Levy Director April 23, 2002

Richard C. Levy, M.D.

/s/ Paul W. Bridge, Jr. Chief Financial Officer April 23, 2002
----- And Chief Accounting Officer
Paul W. Bridge, Jr.

Schedule II Valuation and Qualifying Accounts and Reserves

LanVision Systems, Inc.
 For the three years ended January 31, 2002

(in thousands) Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to costs and Expenses	Charged to Other Accounts		
Year ended January 31, 2002:					
Allowance for doubtful accounts	\$ 400	\$ -	\$ -	\$ -	\$ 400
Warranty reserve	250	-	-	-	250
Year ended January 31, 2001:					
Allowance for doubtful accounts	385	15	-	-	400
Warranty reserve	250	-	-	-	250
Year ended January 31, 2000:					
Allowance for doubtful accounts	325	60	-	-	385
Warranty reserve	300	12	-	62	250

INDEX TO EXHIBITS

EXHIBITS

Exhibit No. -----	Description of 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.)
3.3	Certificate of the Designations, Powers, Preferences and Rights of the Convertible Preferred Stock (Par Value \$.01 Per Share) 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.)
4.1	Specimen Common Stock Certificate 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.)
4.2	Specimen Preferred Stock Certificate 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.)
4.3(a)	Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10.1 of the Registrant's Form 8-K, dated July 17, 1998, as filed with the Commission on July 24, 1998.)
4.3(b)	First Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10(c) of the Registrant's Form 10-Q for the quarter ended October 31, 1998, as filed with the Commission on December 11, 1998.)

- 4.3(c) Second Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 4.3(c) of the Registrant's Form 10-K for the fiscal year ending January 31, 2000 as filed with the Commission on April 20, 2000.)
- 4.3(d) Third Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10(b) of the Registrant's Form 10-Q for the quarter ended July 31, 2000, as filed with the Commission on September 12, 2000.)
- 4.3(e) Fourth Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10(e) of the Registrant's Form 10-K for the fiscal year ended January 31, 2001, as filed with the commission on April 26, 2001.)
- 4.3(f) Fifth Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and *** LanVision Systems, Inc.
- 10.1 # LanVision Systems, Inc. 1996 Employee Stock Option Plan. (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.)
- 10.2(a) # LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan. (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.)
- 10.2(b) # First Amendment to LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 4.1(b) of, the Registrant's Registration Statement on Form S-8, file number 333-20765, as filed with the Commission on January 31, 1997.)
- 10.2(c) # Second Amendment to LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan. (Previously filed with the Commission, and incorporated herein by reference from, Amendment No. 1 to the Registrant's Statement on Form S-8, file number 333-20765, as filed with the Commission on March 1, 2001.)

- 10.3 # LanVision Systems, Inc. 1996 Employee Stock Purchase Plan. (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.)
- 10.4 # George E. Castrucci Option Agreement. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 4.1 of the Registrant's Form S-8, file number 333-20763, as filed with the Commission on January 31, 1997.)
- 10.5 # Employment Agreement between LanVision, Inc. and Donald E. Vick effective December 3, 1996 ***
- 10.6 # Employment Offer of LanVision, Inc. to Paul W. Bridge, Jr. effective April 11, 1996. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10.8 of the Registrant's Form 10-K for the fiscal year ended January 31, 2001, as filed with the commission on April 26, 2001.)
- 10.7(a) Stock Purchase and Shareholder Agreement among LanVision, Inc., Blue Chip Capital Fund Limited Partnership, J. Brian Patsy and Eric S. Lombardo dated December 1, 1994. (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.)
- 10.7(b) Amendment No. 1 to Stock Purchase and Shareholder Agreement among Blue Chip Capital Fund Limited Partnership, LanVision, Inc., J. Brian Patsy, Eric S. Lombardo and LanVision Systems, Inc. dated February 8, 1996. (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.)
- 10.8 Consent by Blue Chip Capital Fund Limited Partnership dated February 8, 1996. (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.)
- 10.9 Lease for office space between Creek Road Warehouse Complex, LLC and LanVision, Inc., dated May 4, 2000. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended April 30, 2000, as filed with the Commission on May 31, 2000.)

10.10**	Marketing Agreement between Shared Medical Systems Corporation and LanVision Systems, Inc. and LanVision, Inc. entered into on February 21, 1998. (Previously filed with the Commission, and incorporated herein by reference from, Exhibit 10.15 of the Registrant's Form 10-K for the fiscal year ending January 31, 1999, as filed with the Commission on April 30, 1999.)	
10.11**	Reseller Agreement between IDX Information Systems Corporation and LanVision, Inc. entered into on January 30, 2002	***
10.12	Form of Indemnification Agreement for all directors and officers. (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.)	
11.1	Statement Regarding Computation of Per Share Earnings	***
13.1	Annual Report to Stockholders	***
21.1	Subsidiaries of the Registrant	***
23.1	Consent of Independent Auditors	***

- - - - -

** The Company has applied for Confidential Treatment of portions of this agreement with the Securities and Exchange Commission
 *** Included herein
 # Management Contracts and Compensatory Arrangements.

FIFTH AMENDMENT TO LOAN AGREEMENT

THIS FIFTH AMENDMENT TO LOAN AGREEMENT ("Amendment") is executed pursuant to and made a part of the Loan and Security Agreement dated July 17, 1998, by and between LANVISION SYSTEMS, INC., a Delaware corporation ("Borrower"), and THE HILLSTREET FUND, L.P., a Delaware limited partnership ("Lender"), as amended by letter agreements dated March 18, 1999, April 12, 1999, September 14, 1999 and Amendment Number 1, dated November 25, 1998, an Amendment dated February 11, 2000, Amendment Number 3, dated September 5, 2000 and Amendment Number 4, dated April 2, 2001(as amended, the "Loan Agreement").

WHEREAS, Borrower and Lender wish to further amend the Loan Agreement in accordance with the terms and provisions hereof.

NOW, THEREFORE, the parties agree as follows:

1. AMENDMENTS TO LOAN AGREEMENT. The following amendments shall be made to the terms of the Loan Agreement:

(a) MINIMUM REVENUES AND EBIT. Section 6.4 of the Loan Agreement shall be amended in its entirety to read as follows:

"Section 6.4 MINIMUM REVENUES AND EBIT.

(a) MINIMUM REVENUES. On each of the Computation Dates set forth below, the Borrower shall not permit the total cumulative revenues (calculated for the period of time beginning on February 1, 2002 through such Computation Date) to be less than the minimum amount set forth below:

COMPUTATION DATE -----	1.	MINIMUM CUMULATIVE REVENUES -----
April 30, 2002		\$2,000,000
July 31, 2002		\$4,800,000
October 31, 2002		\$8,000,000
January 31, 2003		\$11,500,000

(b) MINIMUM EBIT. On each Computation date set forth below, the Borrower shall not permit the total Cumulative EBIT (calculated for the period of time beginning on February 1, 2002 through such Computation Date) to be less than the minimum amount set forth below:

2.

MINIMUM

COMPUTATION DATE -----	CUMULATIVE EBIT -----
April 30, 2002	\$ (200,000)
July 31, 2002	\$300,000
October 31, 2002	\$1,300,000
January 31, 2003	\$2,300,000

(c) NET WORTH. Section 6.5 of the Loan Agreement shall be amended in its entirety to read as follows:

"Section 6.5 NET WORTH. "On each of the Computation Dates set forth below, the Borrower shall not permit the Net Worth to be less than the minimum amount set forth below:

COMPUTATION DATE -----	3. MINIMUM NET WORTH -----
April 30, 2002	\$2,000,000
July 31, 2002	\$2,500,000
October 31, 2002	\$3,000,000
January 31, 2003	\$3,500,000

Borrower and Lender shall amend this Agreement on or before February 28, 2003, to provide covenant compliance (at minimum levels acceptable to Lender) under Section 6.4(a), 6.4 (b) and 6.5 for April 30, 2003, and each Computation date thereafter. If Borrower and Lender do not agree to amendments to such sections, the Borrower shall be deemed to be in default under the terms of these sections."

3.1 Section 6.7 of the Loan Agreement shall be amended in its entirety to read as follows:

"Section 6.7 MINIMUM CASH AND INVESTMENTS. The Borrower shall at all times, after the payment of the Additional Special Payment in accordance with Section 2.12 as amended below, maintain on its balance sheet total cash and investments (as described in Section 6.10(b)) of at least Four Million Eight Hundred Thousand and 00/100 Dollars (\$4,800,000.00)."

(b) Section 2 of the Loan Agreement shall be amended to add the following:

"Section 2.12 ADDITIONAL SPECIAL PAYMENT. Borrower has accrued on its balance sheet at January 31, 2002 the sum of Two Million Two Hundred Thirty-nine Thousand, Seven Hundred Ninety-eight and 00/100 Dollars (\$2,239,798.00) (after giving effect to two Special Payments made by Borrower pursuant to the Third and Fourth Amendments to the Loan Agreement) as a liability to Lender, representing the amount of the additional fee accrued through January 31, 2002 to guarantee Lender a minimum compounded annual internal rate of return of twenty-five percent (25%) at maturity on July 31, 2004 pursuant to Section 2.3(c) of the Loan Agreement (the "Yield Guarantee at Maturity"). Borrower has agreed to pay to Lender the sum of Five Hundred Thousand and 00/100 Dollars

(\$500,000.00) of such accrued amount contemporaneously with the execution of this Fifth Amendment, March 13, 2002 (the "Special Payment Three"). Accordingly, upon payment in full of the Term Loan, Lender agrees to credit against the amount of the Yield Guarantee at Maturity due Lender an amount equal to the future value of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), compounded at an assumed interest rate of six percent (6%) per annum from the date hereof to the date of payment of the Term Loan. The amount so computed is referred to as the "Future Credit Amount." For example, if the Loan is paid in full at maturity on July 31, 2004, the Future Credit Amount shall be equal to Five Hundred Seventy-two Thousand and 34/100 Dollars (\$572,000.34). Notwithstanding this Special Payment Three of Five Hundred Thousand and 00/100 Dollars (\$500,000.00), Borrower shall be liable to Lender for the full amount of the Yield Guarantee at Maturity as if this Special Payment Three had not been made, and will continue to accrue an amount to satisfy such Yield Guarantee at Maturity on a monthly basis as if this Special Payment Three had not been made."

2. REAFFIRMATION OF COVENANTS, REPRESENTATIONS AND WARRANTIES. Borrower hereby agrees and covenants that all representations and warranties in the Loan Agreement including, without limitation, all of those representations and warranties set forth in Article 4, are true and accurate as of the date hereof. Borrower further reaffirms all covenants in the Loan Agreement and reaffirms each of the covenants set forth in Articles 5 & 6 thereof, as if fully set forth herein, except to the extent modified by this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Loan Agreement as of the 13th day of March 2002.

LENDER:

BORROWER:

THE HILLSTREET FUND, L.P.

LANVISION SYSTEMS, INC.

By : HillStreet Capital, Inc.

By: /s/ J. BrianPatsy

Its: Investment Manager

J. Brian Patsy
Chief Executive Officer

By: /s/ Christian L. Meininger

Christian L. Meininger, President

Date: 3/13/02

Date: 3/13/02

EMPLOYMENT AGREEMENT BETWEEN LANVISION, INC. AND DONALD E. VICK EFFECTIVE
DECEMBER 3, 1996

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into between LanVision, Inc. ("LanVision"), and Donald E. Vick ("Employee"), based on the following terms and conditions:

1. Term of Employment. This Employment Agreement establishes a contract for employment-at-will. Employment may be terminated by LanVision or Employee for any reason or no reason on 14 days' prior written notice.
2. Employment Responsibilities. Employee shall be employed in the capacity and in the location identified in the offer letter a copy of which is attached to this Employment Agreement ("Offer Letter"). LanVision reserves the right to modify Employee's employment responsibilities and employment location in accordance with LanVision's needs. While employed by LanVision, Employee shall not render any services of a business nature to any other person or entity, for compensation, without the prior written consent of LanVision. Such consent shall not be unreasonably withheld.
3. Compensation. Employee shall receive compensation as set forth in the Offer Letter. Employee's compensation shall be subject to change based upon merit and/or modification of Employee's duties as determined by LanVision. Base salary shall be payable in semi-monthly installments. Any applicable bonuses, commissions, or other compensation shall be paid in accordance with the applicable compensation plan.
4. Employee Benefits. Employee shall be entitled to participate in the employee benefit plans made available by LanVision in accordance with the terms and conditions of such benefit plans; provided, however, that any benefits made available to Employee during the course of employment shall not be considered to be a vested right, unless specifically so provided by the applicable benefit plan. The Employee Handbook contains a complete description of the employee benefits presently offered by LanVision; however, the Employee Handbook is provided for informational purposes only, is subject to modification at LanVision's discretion, and does not constitute a contract between LanVision and Employee.
5. Employee Research and Development.

- 5.1 Employee shall promptly and fully disclose to LanVision any and all developments, improvements, innovations, and/or discoveries made or conceived by Employee, either solely or jointly with others, during the course of Employee's employment under this Employment Agreement and relating to the business of LanVision. All such developments, improvements, innovations, and discoveries shall be the exclusive property of LanVision.
- 5.2 Employee shall immediately assign to LanVision all of Employee's right, title, and interest in any developments, improvements, innovations, and/or discoveries relating to the business of LanVision and shall sign all instruments necessary for the filing or renewal of letters of patent and registrations of trademarks and copyrights in connection with the assigned developments, improvements, innovations, and/or discoveries.
6. Nondisclosure of Trade Secrets and Confidential Business Information. Employee acknowledges that during Employee's employment with LanVision, Employee will receive, develop, or otherwise acquire, information concerning trade secrets and confidential business information belonging to LanVision, its affiliated companies, its customers, and other third parties with whom LanVision does business. For purposes of this Employment Agreement, trade secrets and confidential business information shall include, but shall not be limited to, software systems, product specifications, technical information, ideas, know-how, product plans, business plans, market research, processes, procedures, pricing, business affairs, financial information, and customer lists. Employee agrees that Employee will not disclose the trade secrets or confidential business information of LanVision, its affiliated companies, its customers, or other third parties with whom LanVision does business, either directly or indirectly, to any third person or entity, nor use these trade secrets or confidential business information in any way, either during employment with LanVision or at any time thereafter, except as authorized in writing by LanVision.
7. Restrictive Covenant. During the course of employment and for a period of one year following the termination of this Employment Agreement, whether terminated by LanVision or Employee, Employee shall not:
 - 7.1 Enter into or engage in competition with the business of LanVision or its affiliated companies, directly or indirectly, either as an employee, independent contractor, consultant, partner, joint venturer, sole proprietor, officer, director, or significant shareholder of any business or organization doing business in competition with the business of LanVision or its affiliated companies;

- 7.2 Call on, solicit, or attempt to take away any customers or potential customers of LanVision or of its affiliated companies on whom Employee called or with whom Employee became acquainted during Employee's employment with LanVision; or
 - 7.3 Solicit or attempt to persuade other employees of LanVision or of its affiliated companies to leave their employment.
8. Return of LanVision Property. Upon the termination of this Employment Agreement, Employee shall surrender to LanVision all software, documents, files, equipment, tapes, and other materials of any type whatsoever, in Employee's possession belonging to LanVision, LanVision's affiliated companies, LanVision's customers and potential customers, or LanVision's agents, licensors, and licensees.
9. General.
 - 9.1 Entire Agreement. This Employment Agreement contains the entire agreement between the parties with respect to employment and supersedes any and all other agreements.
 - 9.2 Agreement Severable. The provisions of this Employment Agreement are severable. If any provision is held to be invalid, unenforceable, or void, the remaining provisions shall not as a result be invalidated.
 - 9.3 Waiver. The failure of either party to act upon any right, remedy, or breach of this Employment Agreement shall not constitute a waiver of that or any other right, remedy, or breach. No waiver shall be effective unless made in writing and signed by the waiving party.
 - 9.4 Employment Services Unique. Employee acknowledges that the services to be rendered by Employee are unique and that Employee's employment obligations, if breached, will result in irreparable harm to LanVision, entitling LanVision to injunctive relief, in addition to any other available legal remedies, including the recovery of monetary damages from Employee.
 - 9.5 Employee Warranty. Employee warrants that Employee's acceptance of employment with LanVision does not constitute a breach of any prior employment agreement of Employee.
 - 9.6 Amendments. This Employment Agreement may not be amended or modified, in whole or in part, except by a written instrument signed by the parties which references this Employment Agreement and specifically identifies the amendment or modification.

9.7 Governing Law. This Employment Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, excluding its conflict of laws principles.

9.8 Voluntary Agreement. Employee represents that Employee has read and understands this Employment Agreement and has been given the opportunity to consult with legal counsel concerning the terms of this Employment Agreement.

Employee

LanVision, Inc.

By: / s / Donald E. Vick Jr.

By: / s / Alan J. Hartman

(Signature)

(Signature)

Donald E. Vick

Alan J. Hartman

(Name Typed or Printed)

(Name Typed or Printed)

12/3/96

Director of Human Resources

(Date)

(Title)

November 25, 1996

(Date)

[Attachment: Copy of signed Offer Letter]

November 26, 1996

Donald E. Vick
3448 Woodside Drive
Cincinnati, Ohio 45014

Re: Offer of Employment

Dear Mr. Vick:

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

1. Position: Assistant Controller, Finance, in our Cincinnati office, reporting to Paul W. Bridge.
2. Status: Full-Time, 40 hours per week.
3. Start Date: January 1, 1997
4. Compensation: \$62,000 per year in base salary, to be paid semimonthly on the 15th and last days of the month; a \$5,000 signing bonus to be refunded if you leave LanVision's employment within one year of your start date; and participation in the standard employee corporate performance bonus plan. In addition, you will receive 5,000 stock options to vest in three equal annual installments over a three year period beginning on the first anniversary of your employment.
5. Eligibility to participate in our medical, disability, and life insurance benefit plans, our 401(k) plan, and our employee stock purchase plan under the current requirements of these plans. A brief Summary of Benefits is enclosed.
6. Three weeks vacation in accordance with our standard vacation policy.
7. Reimbursement or payment for one month's COBRA coverage, less the standard health insurance employee monthly contribution, if your health insurance coverage through your previous employer expires before the coverage through LanVision begins.
8. Payment of professional dues for OSCP and AICPS, plus payment of fees to meet continuing professional education requirements.

Please accept this offer by signing and returning the two enclosed Employment Agreement originals to Alan J. Hartman, Director of Human Resources Department, at the above address. The other original is for your records. This offer is open for acceptance until ten days after the date of this letter. We look forward to hearing from you.

Sincerely,

LanVision, Inc.

/s/ Thomas E. Perazzo

Thomas E. Perazzo
Chief Financial Officer

cc: Paul W. Bridge

/s/ Alan J. Hartman

Alan J. Hartman
Director of Human Resources

RESELLER AGREEMENT BETWEEN IDX INFORMATION SYSTEMS CORPORATION AND LANVISION,
INC. ENTERED INTO ON JANUARY 30, 2002

LANVISION RESELLER AGREEMENT

1. INTRODUCTION

- 1.1 This Agreement is made as of January 30, 2002 between LanVision, Inc. ("LanVision"), an Ohio corporation, with its principal place of business at 5481 Creek Road, Cincinnati, Ohio 45242, and IDX Information Systems Corporation ("IDX"), a Vermont corporation, having its principal place of business at 40 IDX Drive, South Burlington, VT 05402-1070.
- 1.2 LanVision is a Software Developer and Application Services Provider in the business of providing Electronic Medical Record ("EMR") and workflow application software and services to healthcare providers and software resellers and Application Service Provider resellers. IDX is in the business of providing health information systems and services to the healthcare industry. IDX utilizes various products and services to meet its business objectives and wishes to obtain from LanVision the rights to market and sublicense certain of such LanVision's products or services so that IDX may promote certain document imaging and workflow based Electronic Medical Record products and services to healthcare providers. LanVision is willing to grant such rights.
- 1.3 Therefore, LanVision and IDX, intending to be legally bound, agree to the terms and conditions set forth in this Agreement. Therefore, in consideration of the promises, the covenants set forth herein, and other consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

2. DEFINITIONS

- 2.1 "accessANYware": LanVision's web-enabled EMR software.

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

- 2.2 "Agreement": this Reseller Agreement and all present and future incorporated exhibits, schedules, appendices, addenda, and written amendments.
- 2.3 "Application Administration Services": those administrative services required to build/maintain the ASPeN Services applications such as entering user ID's, profile maintenance, and document type maintenance.
- 2.4 "Application Software Fees": shall mean either Software License Fees or ASPeN Services Fees as indicated in Schedule B
- 2.5 "ASP": shall mean Application Service Provider. ASP is a provider that offers a service that hosts, monitors and manages software applications for a monthly [CONFIDENTIAL] fee.
- 2.6 "ASPeN Service Fees": shall mean the fees due LanVision from IDX as set forth in Schedule B, Part 2.
- 2.7 "ASPeN Services": LanVision's ASP-based EMR services using the Software, other computer software programs, the Data Center, and the Internet or an intranet to provide for document capture, indexing, storage, retrieval, printing, viewing and other software services.
- 2.8 "ASPeN Services Agreement": an agreement pursuant to which Customer obtains LanVision's ASPeN Services through IDX. The parties shall mutually agree upon the form of the ASPeN Services Agreement within ninety (90) days of the Effective Date and attach such agreement to Schedule C, Part 2.
- 2.9 "Base Fee" shall mean an amount to be used for calculating (i) the Software License Fees due LanVision from IDX as set forth in Schedule B, Part 1 and (ii) Support Fees due LanVision from IDX as set forth in Section 8.
- 2.10 "Collateral": sales and marketing printed materials for the Software or ASPeN Services. Collateral may be LanVision Collateral or IDX Collateral.
- 2.11 "Confidential Information": as to LanVision information, any competitively sensitive or business, marketing, or technical information disclosed by LanVision to IDX, including, but not limited to, the Source Code, the object code of the Software, the Documentation, design and development level documentation, and similar technical information pertaining to the Software, and, as to IDX information, any software, product, documentation, competitively sensitive or business, marketing, or technical information

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

belonging to IDX or Customers, and Customer's (or other affiliates or clients) patient or business information. The terms of this Agreement shall also be Confidential Information. Notwithstanding the foregoing, Confidential Information does not include information (a) in the rightful possession of the recipient at the time of its initial disclosure; or (b) disclosed as a matter of right and without obligation of confidentiality to the recipient by a third party; or (c) in the public domain or that enters the public domain other than by the unauthorized acts of any person; or (d) required by law, rule, or regulation to be disclosed, but only for the limited purpose of such legal requirement, provided the owner of the information is given a reasonable opportunity to contest the disclosure and/or obtain a protective order.

2.12

2.13 "Customer": a healthcare provider or other organization that is an end user and that enters into a contract with IDX in order to obtain the right to use the Software or ASPeN Services for its own internal business purposes, or for the benefit of said healthcare provider's or other organization's affiliates or clients. A Customer shall not be a reseller, ASP or original equipment manufacturer or similar entity.

2.14 "Data Center": a centralized data center used by LanVision or IDX to provide the ASPeN Services.

2.15 "Disabling Device": Any code, virus, or other device that is intended to damage, suspend operation of, or alter the Software or data processed by the Software. Devices included in the Software to limit use of the Software in accordance with the license terms of this Agreement or any EMR Application Software Sublicense Agreement shall not be deemed to be Disabling Devices.

2.16 "Documentation": the technical and operating documentation, in both electronic and paper format, or on-line help, including all updates, additions, and modifications to such documentation, which describes the function and use of the Software or ASPeN Services. Documentation does not include Source Code documentation or other design and development level documentation.

2.17 "Effective Date": the date stated in Paragraph 1.1 of this Agreement.

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- 2.18 "EMR Application Software Sublicense Agreement": the EMR Application Software Agreement substantially in the form attached as Schedule C, Part 1 hereto, as amended from time to time upon the mutual agreement of LanVision and IDX, pursuant to which a Customer sublicenses the Software from IDX.
- 2.19 "Error": any failure of the Software to conform in all material respects to the Software's then current Specifications or Documentation. However, any nonconformity resulting from (a) a modification not approved by LanVision, (b) IDX's or Customer's misuse, improper use, or damage of the Software, (c) IDX's or Customer's unapproved use of the Software with any third party supplied software or equipment that is not "certified" by LanVision, or (d) anything other than the Software, shall not be deemed to be an Error. LanVision certified hardware and software shall be such third party hardware and software that are compatible for use with the LanVision Software. A current list of such certified hardware and software is provided in Schedule F, which shall be updated by LanVision from time to time. LanVision shall promptly provide IDX with written notice of such updates as soon as such updates are made.
- 2.20 "Error Correction": either (a) a modification to the source code that, when made to the Software, brings the Software into material conformity with the Specifications or Documentation, or (b) a procedure or routine that, when observed in the regular operation of the Software, avoids the practical adverse effect of such nonconformity.
- 2.21 "First Level Support": (a) providing telephone and/or e-mail support on the general use of the Software or ASPeN Services and (b) documenting all Error information.
- 2.22 "First Live Use": shall mean the date on which data at a Customer site is first processed through the Software and used in the operation of the end user's facility.
- 2.23 "Patient Encounter": a billable ASPeN Services event that occurs as a result of a single patient encounter, [CONFIDENTIAL] to the Customer's facility.
- 2.24 "Releases": shall mean a redistribution of the Software to IDX Customers or to the Data Center, containing an aggregation of Updates and/or minor functional, operational and/or performance improvements. A Release is identified by a change in a number, specifying the unique revision state of the Software, which number is to the right of the first decimal point (e.g., from V 3.4.11 to V 3.5.0).
- 2.25 "Second Level Support": the resolution of Errors that is beyond the capabilities of the First Level Support personnel, but does not require access to or knowledge of the Source Code. Second Level Support includes duplicating reported Errors in a lab environment and

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analyzing the Error to provide a resolution. In addition to a more in depth knowledge of the Software, individuals performing Second Level Support must have knowledge of the hardware platform, operating system, networking, database, imaging, workflow, and other elements of the overall system implementation. Onsite visits may be required in the performance of Second Level Support.

- 2.26 "Services Rates": the professional services hourly rates as described in Schedule D.
- 2.27 "Software": the computer software programs listed as Software in Schedule A hereto. Software shall include all Updates and Releases.
- 2.28 "Software Implementation Activities": shall mean any Software implementation or planning activities undertaken by LanVision on behalf of a Customer which may include, but is not limited to, any of the following implementation tasks: project scope definition, configuration analysis, network analysis, interface or integration planning, project plan development, project management, pre-installation site assessment analysis, training, hardware or software assessment, third party hardware or software ordering, installation or training.
- 2.29 "Software License Fees": shall mean the software fees due LanVision from IDX for sublicensing the Software. The Software License Fees are set forth in Schedule B, Part 1.
- 2.30 "Source Code": the source code version of the Software, plus any available documentation or materials used to interpret or use the source code version of the Software.
- 2.31 "Specifications": the functional specifications for the Software as prepared and updated by LanVision from time to time.
- 2.32 "Support Day" shall consist of 8 cumulative hours of support or training activity performed by any designated LanVision representative.
- 2.33 "Support Fees" shall mean the fees paid by IDX to LanVision for the provision of Third Level Support, Second Level Support, and First Level Support as set forth in Section 8.
- 2.34 "Third Level Support": the resolution of Errors that requires knowledge of the Source Code. Third Level Support includes development of Error Corrections, and may include providing advice or direction that allows a user of the Software or ASPeN Services to perform a "work-around" type of Error Correction itself.

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2.35 "Updates": shall mean packages of Software corrections, as well as revisions addressing common functional and performance issues, released to the Customer or to the Data Center. An Update is identified by a change in a number, specifying the unique revision state of the Software, which number is to the right of the second decimal point (e.g., from V 3.4.11 to V3.4.12).

2.36 "Versions" shall mean new features packaged as part of existing and/or new Software containing substantially new and/or additional functional, operational and/or performance improvements. LanVision reserves the right to charge an upgrade fee for new Versions of existing Software. A Version is identified by a change in a number, specifying the unique revision state of the Software, which number is to the left of the first decimal point (e.g., from V 3.4.12 to V 4.0.0).

3. OBJECT AND SCOPE OF AGREEMENT

3.1 The object of this Agreement is (a) to promote customer recognition of the benefits of the use of LanVision's products and services, and (b) to define the rights and responsibilities of each party for IDX's promotion, marketing, use and sublicense of the Software and providing ASPeN Services.

3.2 Both parties shall work together to establish a cooperative mode of operation that promotes the Software and ASPeN Services.

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4. RIGHTS

- 4.1 LanVision hereby grants to IDX, and IDX accepts, subject to the terms and conditions set forth in this Agreement, the worldwide, non-exclusive, non-transferable right to (i) market the Software or ASPeN Services, including without limitation, distribution of LanVision Collateral to prospective customers, and (ii) sublicense the Software or sublicense or provide ASPeN Services in accordance with Section 4.3 of this Agreement. IDX shall not market, distribute, or provide the Software or ASPeN Services to any existing customer of LanVision that has been a customer within the then-current previous three years, except with the prior written consent of LanVision. LanVision shall identify all such existing or former customers, and will update such customer lists quarterly as LanVision acquires new customers. IDX may not sublicense the use of the Software or provide ASPeN Services to any entity for that entity's use for any purpose not expressly authorized by this Agreement.
- 4.2 LanVision grants to IDX a royalty-free license for the internal use of the Software by IDX solely for purposes of enabling IDX, if elected by IDX, to create, market, and license interface and integration programming. IDX shall be permitted to make and keep a reasonable number of copies of the Software, provided IDX employs secure back-up procedures and a secure location, and provided further that IDX shall place on such copy any proprietary notice, including, copyright notice, requested by LanVision.
- 4.3 IDX shall be entitled to sublicense the Software or provide ASPeN Services to Customers only pursuant to terms and conditions similar in all material respects to those set forth in the EMR Application Software Sublicense Agreement or ASPeN Services Agreement contained in Schedule C. IDX shall have the right to make modifications to the provisions of the EMR Application Software Sublicense Agreement or ASPeN Services Agreement to meet a specific Customer's requirements, provided such modifications: (a) are not materially inconsistent with the terms and conditions of this Agreement; (b) do not increase or change any obligations or potential liabilities of LanVision; and (c) do not entail a modification of the Source Code (except to the extent approved by LanVision or its licensor, as applicable). IDX shall provide LanVision with a copy of each signed EMR Application Software Sublicense Agreement or ASPeN Services Agreement, which will be provided, subject to Section 13.
- 4.4 IDX shall not de-compile, disassemble, reverse engineer or decode the Software. Except for the rights specifically granted herein, IDX is granted no other rights in or to the Software. All copyrights, patents, trade secrets, and other intellectual property rights associated with the Software and ASPeN Services and any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by LanVision or its subcontractors in relation to the Software and ASPeN Services shall remain the sole and

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exclusive property of LanVision. However, all copyrights, patents, and trade secrets associated with the programming by IDX referred to in Section 4.2 and any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by IDX or its subcontractors in relation to such programming shall remain the sole and exclusive property of IDX. However, IDX grants to LanVision a right to use such programming changes for its own internal purposes for the term of this Agreement, or as long as necessary for LanVision to support Customers, whichever is longer.

4.5 LanVision authorizes IDX to enter into Maintenance Services Agreements with Customers pursuant to Schedule C, as an agent of LanVision. IDX's authority to enter into Maintenance Service Agreements and the provision of such services by LanVision are described in more detail in Section 8.

4.6 IDX shall be solely responsible for complying with all applicable U.S. export and foreign import laws, rules, regulations, ordinances, duties, and taxes with respect to its sublicense of the Software or ASPeN Services to Customers located outside of the U.S.

4.7 IDX may not and shall not authorize or otherwise permit any Customer to distribute, modify or reproduce (other than for its own internal purposes and for the benefit of said Customer's affiliates or clients) any Software, ASPeN Services, Corrections, Upgrades, or Releases thereto.

4.8 IDX may market and distribute the Software or ASPeN Services on a private label basis, i.e., under one or more trade names, trademarks, or service marks selected by IDX. IDX may not use a trade name, trademark, or service mark owned by LanVision without the prior written consent of LanVision. At IDX's request, LanVision shall provide private labeling services [CONFIDENTIAL] at LanVision's then-current Services Rates. LanVision's Services Rates in effect as of the Effective Date are set forth in Schedule D.

5. LANVISION'S RESPONSIBILITIES

5.1 LanVision shall, at no charge to IDX, provide IDX with a reasonable number of copies of LanVision Collateral customarily provided to LanVision customers concerning the Software or ASPeN Services, which IDX may distribute to prospective customers.

5.2 LanVision shall, at no charge to IDX, provide IDX with the number of copies of the Software necessary to enable IDX to provide demonstrations of the Software and the ASPeN Services to prospective customers.

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- 5.3 LanVision shall issue a mutually agreed upon joint press release announcing the relationship covered by this Agreement within fourteen days of executing this Agreement.
- 5.4 LanVision shall add IDX to LanVision's published partner list, and add Customers to LanVision's published customer list, unless a Customer does not authorize IDX to publish Customer as an IDX or LanVision customer.
- 5.5 LanVision shall provide First Level Support, Second Level Support and Third Level Support to those Customers who have entered into Maintenance Services Agreements, as described in Section 8 in consideration of the payments described in Section 8.2.
- 5.6 LanVision shall provide marketing and sales assistance to IDX. As mutually agreed upon, LanVision shall provide any billable services at its then current published Services Rates as indicated in Schedule D as new Software or ASPeN Services are delivered to IDX. In addition, as mutually agreed upon, IDX will reimburse LanVision for reasonable travel and living expenses incurred by LanVision in the course of providing this marketing and sales assistance.
- 5.7 LanVision will identify in Schedule A any distinguishing marks or proprietary notices that must accompany the Software or ASPeN Services and Documentation when distributed to Customers.
- 5.8 LanVision will provide to IDX Documentation material in machine-readable form such that IDX may adapt and include the Documentation in IDX's softcopy library (for CD-ROM distribution to Customers). LanVision will provide IDX with updated Documentation as soon as such updated Documentation is made available to LanVision's customers.
- 5.9 LanVision will provide up to [CONFIDENTIAL] Support Days of technical support, sales support or training support to IDX at [CONFIDENTIAL] within the first twelve (12) months from the Effective Date of this Agreement, to enable IDX to (i) perform product integration, technical support, marketing and sales support, and (ii) train IDX trainers to teach product integration, technical, marketing or sales support functions to other IDX employees. The location, dates and times for such activities to be scheduled as mutually agreed to by the parties.
- 5.10 LanVision shall also provide [CONFIDENTIAL] Support Day at [CONFIDENTIAL] for every [CONFIDENTIAL] in Application Software Fees paid to LanVision by IDX.
- 5.11 As mutually agreed upon, IDX will reimburse LanVision for reasonable travel and living expenses incurred by LanVision in the course of providing support services and other

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assistance to IDX as provided for in this Section 5. LanVision shall provide any additional training requested by IDX in excess of training specified in this Section 5 at the then-current LanVision Services Rates. If IDX requests that training occur at other than LanVision's facilities, as mutually agreed upon, IDX shall reimburse LanVision for reasonable travel and living expenses.

- 5.12 At IDX's request, LanVision will perform Application Administration Services for ASPeN Services provided out of a potential future IDX Data Center for rates defined in Schedule D. IDX shall pay for the cost of the [CONFIDENTIAL] required for LanVision to provide the Application Administration Services remotely from LanVision facilities.
- 5.13 Should IDX choose to provide ASPeN Services via an IDX Data Center, then at IDX's request, LanVision shall provide IDX Data Center setup assistance, installation and implementation services, training, integration and image enabling services, upgrade services, and other consulting services to IDX [CONFIDENTIAL] at LanVision's then-current Services Rates. LanVision's rates in effect as of the Effective Date are set forth in Schedule D.
- 5.14 New Updates, Releases, and Versions of the Software distributed generally to users of the Software shall be provided at no charge to IDX for its own internal use.
- 5.15 LanVision shall cooperate with and assist IDX as reasonably necessary in order for IDX to respond to Requests for Proposals or Requests for Information from prospective customers as such requests relate to the Software or ASPeN Services.
- 5.16 Except as otherwise provided for in this Section 5, as mutually agreed upon, IDX will receive training from LanVision [CONFIDENTIAL] at the then-current LanVision Services Rates, listed in Schedule D.
- 5.17 Upon request from IDX, LanVision shall provide specifications and configuration recommendations necessary for the most current Version of the Software and any associated hardware and third party software.
- 5.18 Upon request from IDX, LanVision shall execute a Business Associate Amendment to this Agreement as required under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").
- 5.19 LanVision shall maintain, at its own cost and expense, a policy of electronic manufacturers and computer services errors and omissions liability insurance with limits of not less than [CONFIDENTIAL] per occurrence and [CONFIDENTIAL] in the aggregate for so

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long as such coverage is reasonably available at commercially affordable premiums. LanVision shall provide IDX written notice of any termination or significant alteration of such insurance coverage. From time to time as reasonably requested by IDX, LanVision shall provide IDX with evidence of such coverage in the form of a Certificate of Insurance.

5.20 LanVision shall reimburse IDX [CONFIDENTIAL] previously received by LanVision that are [CONFIDENTIAL] due to: [CONFIDENTIAL] .

6. IDX'S RESPONSIBILITIES

6.1 IDX shall perform product integration and testing with the assistance of LanVision pursuant to the provisions of Section 5.9 of this Agreement.

6.2 IDX shall add LanVision to any IDX published partner list.

6.3 IDX shall issue a mutually agreed upon joint press release announcing the relationship covered by this Agreement within fourteen days of executing this Agreement.

6.4 IDX shall market and promote the Software and ASPeN Services to prospective customers.

6.5 IDX shall provide LanVision, on a quarterly basis, with a list of Customers and prospective customers with whom IDX is negotiating to provide the Software or ASPeN Services, which will be provided subject to the provisions of Section 13.

6.6 If IDX incorporates information about the Software or ASPeN Services and Documentation in IDX's documentation, IDX will identify the Software, ASPeN Services and Documentation as being proprietary to LanVision, and will include all proprietary markings required by LanVision as shown in Schedule A, Section 2.

6.7 IDX shall have the right to use and/or distribute LanVision's Collateral, marketing materials and Documentation related to the Software or ASPeN Services as deemed appropriate by IDX. IDX is responsible for the creation and delivery of marketing materials to prospective customers, including adaptation of LanVision materials, associated with any private labeled Software, ASPeN Services and/or Documentation.

6.8 IDX shall contract with Customers for the provision of interface, integration, and/or professional services, as appropriate. LanVision shall provide installation, training, interface, integration, and/or professional services to Customers at the then-current

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LanVision Services Rates. LanVision's rates in effect as of the Effective Date are set forth in Schedule D.

- 6.9 IDX shall be solely responsible to conduct, at its expense, all alpha testing and beta testing of the interface and integration programming created by IDX pursuant to Section 4.2.

7. MUTUAL RESPONSIBILITIES

- 7.1 LanVision and IDX shall perform additional responsibilities to be added by mutual agreement to this Agreement from time to time (such additional responsibilities shall be specified in an amendment to this Agreement and executed by both parties).
- 7.2 Any promotional material in the form of printed brochures, advertisements, press announcements, slide presentations, and other forms which are prepared by LanVision or IDX but which specifically promote or describe the other party's products or services will be based upon the technical descriptions prepared by the other party and the other party's trademark guidelines. However, printed brochures, advertisements and press announcements shall be subject to the other party's approval.
- 7.3 In the event LanVision or IDX generates press announcements that specifically promote or describe the other party, sales or significant milestones by the other party, or the relationship created by this Agreement, the generating party will notify the other party of the anticipated press announcement, and will provide a copy of the press announcement to the other party for the other party's review and comment prior to release of the press announcement. Neither LanVision nor IDX shall issue any such press release or make any public statement about the other party, without the prior written consent of the other party, except to the extent that may be required by law, rule, or regulation.
- 7.4 The parties shall perform their obligations under this Agreement in a manner that will preserve and protect the good business reputation of each. As a part of this commitment, each party shall represent the other's products, services, and company to third parties in an accurate and commercially favorable manner. The obligations under this Paragraph 7.4 shall survive termination of this Agreement. Each party acknowledges that a breach of its obligations under this Paragraph 7.4 may cause irreparable harm to the other party for which monetary damages may be inadequate. Each party will be entitled to seek injunctive relief for any such breaches, threatened or actual, in addition to exercising any other remedies at law or equity.

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7.5 The parties shall meet at least quarterly, or as otherwise agreed, to review marketing, sales and integration efforts under this Agreement, to analyze and determine proper procedures to ensure the successful marketing and promotion of the Software and ASPeN Services, and to review IDX's forecast of estimated Software and/or ASPeN Services sales. Such meetings may be in person or by telephone and shall be held at mutually agreeable times and locations. The parties may participate in joint marketing programs and presentations, including trade shows, industry events, and targeted sales calls, as may be agreed by the parties.

7.6 Notwithstanding anything to the contrary in this Agreement, LanVision, IDX and their affiliates shall, in accordance with their respective legal obligations, including but not limited to filings permitted or required by the Securities Act of 1933 and the Securities Exchange Act of 1934, NASDAQ and other similar regulatory bodies, make (i) such press releases and other public statements and announcements as LanVision, IDX or their affiliates deem necessary and appropriate in connection with this Agreement and the transactions contemplated hereby, and (ii) any and all statements LanVision, IDX, or their affiliates deem in their sole judgment to be appropriate in any and all filings, prospectuses and other similar documents.

8. MAINTENANCE, SUPPORT AND IMPLEMENTATION SERVICES

8.1 It is IDX's desire to utilize LanVision maintenance, support and implementation services for the Software. IDX may act to triage support calls and identify whether Customer problems are attributable to IDX or LanVision products and services. Furthermore, IDX Customers dissatisfied with LanVision maintenance, support and implementation services may escalate such concerns to IDX.

8.2 LanVision authorizes IDX, as an agent of LanVision, to execute the end user Maintenance Services Agreement in the form attached hereto as Schedule C, Part 3 with Customers, thereby binding LanVision to its terms and conditions. LanVision authorizes IDX, as an agent of LanVision, to collect payment of Support Fees from Customers and to remit to LanVision the net amount due to LanVision as follows: IDX shall pay LanVision [CONFIDENTIAL] of the then current Base Fee, per Customer, for First-Level, Second-Level and Third-Level Support. LanVision shall have the right to increase Support Fees [CONFIDENTIAL]. As to each Customer, applicable Support Fees will commence upon [CONFIDENTIAL], whichever is first, and will be reported and paid [CONFIDENTIAL] in advance, unless a particular Customer contracts with IDX (as an agent of LanVision) for such Support Fees to be paid [CONFIDENTIAL], in which case, IDX shall pay LanVision [CONFIDENTIAL] in advance. Any support services

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provided by LanVision in addition to support services covered by annual Support Fees, shall be billed to Customers by LanVision directly. However, if Customer's Support Fees increase due to an expansion of Customer's usage or license quantities authorized by IDX, as described in Section 8.2 of the EMR Application Software Sublicense Agreement, IDX shall bill and be responsible for collection of additional Support Fees. In addition, if a Customer purchases from IDX additional hardware or third party software and such additional purchases result in additional support fees to be charged to said Customer, IDX shall bill and be responsible for collection of such additional support fees.

8.3 LanVision shall provide First Level Support, Second Level Support and Third Level Support for the Software or ASPeN Services directly to IDX Customers who have entered into a Maintenance Services Agreement or ASPeN Services Agreement, whichever is applicable. Such Support Services shall be performed with a level of responsiveness no less favorable to Customers than that described in Schedule E (Technical Severity and Client Priority Descriptions). IDX shall be solely responsible for the support and maintenance of any IDX product offering. LanVision shall serve as the point of contact for Customers regarding the Software or ASPeN Services maintenance and support, and shall provide all call center operations for Customers.

8.4 Unless otherwise agreed to in writing between IDX and LanVision, LanVision shall contract directly with Customers for implementation services.

8.5 At IDX's request, LanVision will assist in moving the Data Center operations for IDX Customers and the hosting of the application in IDX's Data Center, upon mutually agreed upon terms and conditions, to be determined at that time. At that time, IDX shall acquire, fund, implement and maintain facilities, equipment, and software (including third party hardware and software needed to operate and support the Software) collectively making up the Data Center, as necessary to enable IDX to deliver ASPeN Services to its Customers. IDX shall develop and follow standard operating, employee training/certification, and quality control procedures that shall be designed to ensure that ASPeN Services are of high quality, reliable, and consistent with then current LanVision provided ASPeN Services. In the interim, LanVision shall provide services to IDX through the LanVision ASPeN Data Center to allow IDX to provide ASPeN Services to its Customers. Based on location and management of the Data Center used for the delivery of ASPeN Services, ASPeN Services Fees to LanVision will vary as defined in Schedule B, Part 2, Sections 1 and 2.

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8.6 To the extent that LanVision, or its successor, fails to provide maintenance, support and implementation services in accordance with this Section 8 of the Agreement, then such failure shall be considered a LanVision default pursuant to Section 16.3 and, subject to the cure period, shall cause Source Code release to IDX as described in Section 18.

9. APPLICATION SOFTWARE FEES AND PAYMENT

IDX shall pay LanVision Application Software Fees in accordance with the terms set forth on Schedule B. The fees for all other services provided by LanVision to IDX are on a [CONFIDENTIAL] at LanVision's then current Services Rates, unless otherwise specified in this Agreement. LanVision's Services Rates in effect as of the Effective Date are set forth in Schedule D.

9.1 Software License Fees - perpetual licenses through EMR Software Application Sublicense Agreement

For each perpetual sublicense of the Software granted by IDX to a Customer through an EMR Application Software Sublicense Agreement, IDX shall pay to LanVision the associated Application Software Fees as indicated in Schedule B, Part 1. Application Software Fees due LanVision for Software sublicenses contracted by IDX on a perpetual basis shall be reported to LanVision within thirty (30) days and due and payable to LanVision within forty-five (45) days after the end of the calendar month in which the applicable milestone occurs, as follows:

[CONFIDENTIAL]

9.2 CodingANYware License Fees - term sublicenses through term codingANYware software sublicense agreement. The parties shall mutually agree upon the form of the codingANYware software sublicense agreement applicable to the LanVision codingANYware software within ninety (90) days of the Effective Date and attach such agreement to Schedule C, Part 2.

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For each term sublicense of the codingANYware Software executed by IDX for a Customer, IDX shall pay to LanVision the associated Application Software Fees on a monthly basis, in arrears, as indicated in Schedule B, Part 1, Section 2. Application Software Fees are due and payable to LanVision within thirty (30) days after the end of the applicable month.

9.3 ASPeN Services Fees - ASPeN Services Through ASPeN Services Agreements

For each ASPeN Services Agreement executed by IDX for a Customer, IDX shall report and pay to LanVision the associated ASPeN Services Fees on a monthly basis, in arrears, as indicated in Schedule B, Part 2. ASPeN Services Fees are due and payable to LanVision within thirty (30) days after the end of the applicable month.

9.4 IDX shall provide LanVision with a summary report that lists the Application Software Fees due LanVision for each Customer that identifies the Customer's name, contract date, type of contract (Software perpetual sublicense, term sublicense or ASPeN Services Fees) and the appropriate Application Software Fees owed. The Application Software Fees report shall be sent to LanVision within thirty (30) days after the end of the quarter in which the Application Software Fees payment milestones listed in Section 9.1, 9.2, or 9.3 occurs.

9.5 LanVision will provide First Level Support, Second Level Support (excluding any hardware and third party software installed at the Customer site) and Third Level Support for the Software as described in Section 8 for all ASPeN Services as a part of the ASPeN Services Fees.

9.6 No more than [CONFIDENTIAL], LanVision reserves the right to change the Application Software Fees (Schedule B), or Services Rates (Schedule D) upon 60 day's prior written notice to IDX. For any given [CONFIDENTIAL], the Application Software Fees or Services Rates may not be increased [CONFIDENTIAL]. However, upon a change in the Application Software Fees or Services Rates, LanVision will honor all documented outstanding quotes to potential customers for a period of 90 days.

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9.7 IDX shall pay when due or, if necessary, reimburse LanVision for all sales, use, property, excise, and other similar taxes, including penalties and interest arising from IDX's failure to pay such taxes timely, in connection with the products and services provided by LanVision under this Agreement, exclusive of taxes based on LanVision's net income or corporate franchise. If IDX has tax-exempt status, it shall supply LanVision with its tax-exempt certificate and/or number as necessary. Taxes are due as assessed.

9.8 IDX shall pay all amounts due, except those disputed in good faith, under this Agreement, or upon receipt of an invoice. IDX shall pay a monthly service charge of [CONFIDENTIAL] on all such amounts not paid within 30 days of the due date.

10. AUDIT

10.1 During the term of this Agreement, IDX shall maintain complete and correct financial and business records regarding the marketing, distribution, sublicensing and support of the Software or ASPeN Services to Customers. At any time during the term of this Agreement and for a period of 12 months thereafter, LanVision shall have the right to audit the relevant portions of IDX's financial and business records to verify compliance with this Agreement. Such audits shall take place upon reasonable request during regular business hours in a manner to minimize the disruption to IDX's operations. If an audit shows that IDX has underpaid Application Software Fees to LanVision, IDX shall immediately pay LanVision the amount of the deficiency. Similarly, if the audit shows that IDX overpaid LanVision, LanVision shall immediately reimburse IDX for the excess payment. If an audit shows that IDX has underpaid Application Software Fees to LanVision by more than 10%, IDX shall reimburse LanVision for the cost of the audit, as well as any retroactive fees due LanVision.

10.2 In the event that the ASPeN Services are provided through an IDX Data Center, IDX will provide LanVision with monthly remote dial up access to the IDX database server via modem or other secure remote access device in order for LanVision to audit the LanVision database Patient Encounters pursuant to the provisions of Section 10.1 and Schedule B. The audit must be performed in a manner that minimizes the impact on IDX's operations and/or customer service activities.

11. WARRANTIES

11.1 LanVision represents and warrants that LanVision has full power and authority to enter into this Agreement and has sufficient right, title, and interest in the Software, ASPeN Services and LanVision Collateral to make the grant and the commitments made in this

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Agreement, and shall not make, or has not made, any commitments to others inconsistent with this Agreement.

11.2 FUNCTIONAL PERFORMANCE

LanVision warrants, for a period of [CONFIDENTIAL] from the date of installation, that the Software, when properly installed, operated with the equipment configuration and in the operating environment specified by LanVision, and used in accordance with the Software's Documentation, will conform in all material respects to the most current Documentation. As LanVision's sole responsibility and IDX's exclusive remedy, in the event of any breach of this warranty, LanVision shall repair or replace the item so that it conforms as required, or, if unable to do that, shall [CONFIDENTIAL].

11.3 SERVICES

LanVision warrants that all services that it performs hereunder will be of professional quality conforming to generally accepted industry standards. As LanVision's sole responsibility and IDX's exclusive remedy in the event of any material failure to meet such standard, LanVision shall re-perform the non-conforming services at no charge and at the level warranted above.

11.4 HIPAA

LanVision covenants that its generally available Software will comply with all final regulations promulgated under HIPAA on or prior to the applicable compliance dates.

11.5 NO DISABLING DEVICES

LanVision warrants that the Software shall contain no Disabling Device. As LanVision's sole responsibility and IDX's exclusive remedy, in the event of any breach of this warranty, LanVision shall repair or replace the item so that it conforms as required.

11.6 NO CLAIMS

LanVision represents and warrants that it is not a party to or recipient of any claim, lawsuit, litigation, or other legal matter that would prevent, prohibit, or delay LanVision from performing its duties under this Agreement or any end user Maintenance Services Agreement with Customers.

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11.7 WARRANTIES TO CUSTOMERS

LanVision authorizes IDX to pass through the foregoing warranties to Customers who sublicense the Software from IDX in accordance with Schedule C.

11.8 DUE TO THE NATURE OF COMPUTER SOFTWARE PROGRAMS, LANVISION DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE ENTIRELY ERROR FREE. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, LANVISION MAKES NO OTHER WARRANTIES AND HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE ASPeN SERVICES AND THE SOFTWARE, INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11.9 IDX represents and warrants that IDX has full power and authority to enter into this Agreement and has sufficient right, title, and interest in IDX's product offering that includes the Software or ASPeN Services and IDX Collateral to make commitments made in this Agreement, and shall not make any commitments to others inconsistent with this Agreement.

11.10 EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, IDX MAKES NO OTHER WARRANTIES AND HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, CONCERNING IDX PRODUCT OFFERING, INCLUDING ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11.11 Neither party has authority to make any warranty or representation concerning the other's products or services that exceeds the warranties or representations the other party has authorized in writing. Any warranty or representation given by either party to any third party shall be the sole responsibility of that party. The other party shall have no liability for the granting party's failure to honor such warranty or representation, unless otherwise agreed to in writing.

12. INDEMNITIES AND LIABILITIES

12.1 LanVision shall indemnify and hold IDX harmless from any and all liabilities, damages, costs, including reasonable attorney fees (collectively, "Damages") arising from third party claims sustained by IDX due to LanVision's breach of its representations,

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warranties and/or obligations under this Agreement or due to LanVision's products or services. IDX shall indemnify and hold LanVision harmless from any and all Damages arising from third party claims sustained by LanVision due to IDX's breach of its representations, warranties and/or obligations under this Agreement. To obtain such indemnification, the party to be indemnified must promptly notify the indemnifying party in writing of the liability claim, and give the indemnifying party all necessary information, reasonable cooperation, and the exclusive authority to evaluate, defend, and/or settle the claim.

- 12.2 If IDX receives a claim that the Software or ASPeN Services infringes a patent, copyright, or other intellectual property right, IDX shall promptly notify LanVision in writing of all details associated with the claim, and will give LanVision all necessary information and assistance and the exclusive authority to evaluate, defend, and/or settle such claim. Provided such timely notice, assistance, and authority have been given by IDX, LanVision (and/or its licensor) shall defend, at its own expense, such claim and will indemnify and hold IDX harmless from all damages and expenses, including court costs and reasonable attorney fees, incurred or awarded as a result of the claim. If, as a result of the infringement claim, IDX is enjoined from using the Software or ASPeN Services, LanVision (and/or its licensor) will, at its option, (a) procure for IDX the right to use or sublicense the Software, (b) replace or modify the Software, at no cost to IDX or its Customers, to perform the same or substantially the same functions in a manner so as to avoid infringement, or (c) if unable to do either of the foregoing after expending all reasonable efforts, remove the Software [CONFIDENTIAL]. The foregoing indemnity will not apply to infringement caused by programming made to the specification or design of IDX, IDX's modification of the Software, or IDX's use of the Software in combination with anything not authorized by LanVision, unless LanVision agrees to the specifications and design of the modification in advance. The limitation set forth in the last sentence of Section 12.3 below shall not apply to infringement claims under this Section 12.2. This Section 12.2 states LanVision's entire obligation and liability with respect to any infringement claim.

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12.3 IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF REVENUE OR PROFITS, EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHERMORE, IN NO EVENT SHALL EITHER PARTY'S LIABILITY UNDER THIS AGREEMENT TO THE OTHER PARTY EXCEED THE AGGREGATE AMOUNT OF FEES PAID BY IDX TO LANVISION UNDER THIS AGREEMENT. THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY LIABILITY OF LANVISION ARISING OUT OF SECTION 12.2 ABOVE.

12.4 The obligations under Section 7.4, Section 8, Section 9, this Section 12, Section 13 and 15.1.7 shall survive termination of this Agreement.

13. PROPRIETARY RIGHTS AND CONFIDENTIALITY

13.1 Neither LanVision nor IDX shall use or disclose to any person the other's Confidential Information, except upon the other's written authorization and except for purposes in accordance with this Agreement. Any disclosure of the other's Confidential Information to IDX's agents, employees, or subcontractors by IDX or to LanVision's agents, employees, or subcontractors by LanVision shall be made only in the normal course of business, on a need-to-know basis within the scope and purpose of this Agreement, and under written agreements requiring such agents, employees, and subcontractors to treat all Confidential Information as strictly confidential as required by this Agreement. Neither LanVision nor IDX shall make copies of any materials containing the other's Confidential Information, except as authorized by this Agreement or otherwise in writing by the other.

13.2 Each party shall be permitted to disclose the other's Confidential Information to the extent that the party is required by law to disclose such Confidential Information, provided the party so required gives the other party a reasonable opportunity to contest the disclosure and/or obtain a protective order.

13.3 IDX shall not distribute or otherwise transfer in any way the Software, ASPeN Services or Documentation, except as provided in this Agreement. IDX shall not decompile or otherwise reverse engineer or decode the Software. IDX shall not disclose the results of any benchmark tests run on the Software or ASPeN Services without the prior written consent of LanVision.

13.4 The Software, ASPeN Services and Documentation and all copies, versions, and derivative works of the Software, ASPeN Services and Documentation made by or on behalf of IDX are and shall remain the sole property of LanVision or its licensors. IDX shall, as

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applicable, put LanVision's proprietary notice on all such copies, in whole or in part and in any form, made by IDX. The current form of LanVision's proprietary notice is set forth in Schedule A.

13.5 The obligations under this Section 13 shall survive termination of this Agreement. Each party acknowledges that a breach of its obligations under this Section 13 may cause irreparable harm to the other party and/or its licensors for which monetary damages may be inadequate. Each party and/or its licensors will be entitled to seek injunctive relief for any such breaches, threatened or actual, in addition to exercising any other remedies at law or equity.

14. DISPUTE RESOLUTION

14.1 In the event that a dispute arises between IDX and LanVision that cannot be resolved in the normal course, the following dispute resolution procedures shall be followed:

14.1.1 If in the opinion of either party, the other party has failed to resolve a reported problem or issue or to comply with the requirements of the Agreement, or to perform its obligations in a satisfactory manner, then this dispute resolution procedure shall be invoked prior to either party availing itself of any legal or equitable remedies against the other party.

14.1.2 The following table lists the levels of escalation, the duration within a level, and the associated personnel at each level. In the event that a problem has not been resolved or a corrective plan of action has not been mutually agreed upon within the specified duration, either party may choose to escalate the problem or issue to the next level.

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ESCALATION LEVEL	CALENDAR DAYS	LANVISION	IDX
1	[CONFIDENTIAL]	CHANNEL MANAGER	BUSINESS DEVELOPMENT MANAGER
2	[CONFIDENTIAL]	EVP SALES AND SERVICES	DIRECTOR BUSINESS DEVELOPMENT
3	[CONFIDENTIAL]	PRESIDENT & CEO	PRESIDENT, ISD
4	[CONFIDENTIAL]	NON-BINDING MEDIATION	NON-BINDING MEDIATION

14.1 This dispute resolution process may occur concurrently with the exercise of other rights and remedies available under this Agreement. This provision shall not apply to claims for equitable relief (e.g., injunction to prevent disclosure of confidential information).

15. MEDIATION

15.1 Any controversy or claim arising out of or relating in any way to this Agreement, or the breach thereof, which has not been resolved pursuant to the dispute resolution procedure set forth in Section 14 shall be submitted for non-binding mediation. The parties further agree as follows:

15.1.1 That once either party has submitted a written request for mediation to the CPR Institution for Dispute Resolution, a nonprofit organization located at 366 Madison Avenue, New York, New York 10017-3122, the parties shall choose a mediator from a list provided by the CPR Institution of individuals knowledgeable and experienced in the area of computer information systems that are designed for processing healthcare data. Within ten days of receipt of such a list, each party shall notify the CPR Institution which individuals listed are acceptable as mediators. The CPR Institution shall choose the mediator from the listed individuals, which both parties found acceptable. If the parties are unable to choose a mutually acceptable mediator in this manner, the CPR Institution shall then promptly choose the mediator.

15.1.2 The mediation must include all parties and claims involving common questions of

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fact or law whose presence is required to resolve the dispute.

- 15.1.3 The mediator shall be instructed to conduct the proceedings and render a recommendation in the shortest reasonable time;
- 15.1.4 This mediation provision shall not apply to any claim for equitable relief (e.g. an injunction to stop copyright infringement), which any party has relating to this Agreement.
- 15.1.5 If the parties so agree, they may exchange with each other memoranda submitted to the mediator setting forth their respective positions with regard to the issues that need to be resolved.
- 15.1.6 The mediator may retain an expert or consultant only with the express agreement of the parties upon terms, conditions and fees agreed upon by the parties.
- 15.1.7 That information and documents not otherwise in the public domain that are used at or in connection with the mediation shall not be disclosed to third parties by the mediator or the parties without the prior written consent of both parties. Neither the fact that the mediation occurred nor the result of the mediation shall be admissible in evidence in a subsequent proceeding brought on the same claims that were presented at the mediation. This Section 15 shall survive termination of the Agreement.

16. TERM AND TERMINATION

- 16.1 This Agreement shall commence on the Effective Date and shall continue for an initial term of five years. Thereafter, this Agreement shall automatically renew for successive renewal terms of one year each, unless and until this Agreement is terminated in accordance with this Agreement.
- 16.2 At the end of the initial term or any renewal term, IDX may terminate this Agreement upon 90 days' prior written notice to LanVision, subject to the continuation of the rights and obligations pursuant to Paragraph 16.5 below. At least 120 days prior to the end of the initial term or any renewal term, LanVision may provide written notice to IDX of any changes to this Agreement that will apply to the following annual renewal term, if any. Such changes shall be consistent with the terms and conditions that LanVision includes in agreements with other resellers of similar types and quantities of LanVision Software.

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16.3 Failure by either party to comply with any material term or condition of this Agreement shall constitute default. The non-defaulting party shall be entitled to give written notice to the defaulting party requiring it to cure the default. The notice shall include a detailed description of the act or omission that constitutes default. If the default relates to nonpayment of fees, the defaulting party has 30 days after receipt of the notification to cure the default. If the defaulting party has not cured any other default within 120 days after receipt of the notice, the non-defaulting party may terminate this Agreement by giving written notice to take effect upon receipt. The right to cure a default shall not apply to defaults that, by their nature, cannot be effectively cured (e.g., a breach of the obligations of Section 13 above). The right to terminate this Agreement is in addition to any other rights and remedies provided under this Agreement or otherwise under law.

16.4 Notwithstanding any provision to the contrary hereunder, this Agreement may be terminated by written notice of LanVision to IDX, or by IDX to LanVision, if any court of competent jurisdiction shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement.

16.5 Upon the termination of this Agreement, all of the rights and obligations of the parties under this Agreement shall remain in full force and effect to the extent reasonably necessary to satisfy the then outstanding obligations that IDX has to Customers existing as of the date of termination; provided, however, that IDX continues to pay the Application Software Fees and maintenance and Support Fees to LanVision in accordance with Schedule B and Section 8. However, all sublicenses to Customers granted by IDX shall continue in full force and effect pursuant to said Customers' sublicenses.

16.6 In the even that this Agreement is terminated for any reason whatsoever, LanVision will honor all then current Customer Maintenance Services Agreements.

17. **INDEPENDENT CONTRACTOR**
LanVision and IDX shall be and shall remain independent contractors. Nothing in this Agreement shall be deemed to constitute the parties as partners, and neither party shall have any authority to act, or attempt to act, or represent itself, directly or by implication, as an agent of the other or in any manner assume or create, or attempt to assume or create, any obligation on behalf of or in the name of the other, nor shall either be deemed the agent or employee of the other, except as otherwise specified in this Agreement.

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18. SOFTWARE ESCROW

18.1 LanVision shall own or otherwise have rights in the Software and all Software programming changes made by IDX or LanVision. Source Code for the Software, including without limitation all associated technical documentation and source code cross reference materials, shall be placed into escrow pursuant to the provisions of LanVision's current Source Code escrow agreement, that includes Source Code release provisions as described in Sections 18.1.1, 18.1.2 and 18.2 below. The Source Code shall be released to IDX by the escrow agent in the event any of the following events occur:

18.1.1 LanVision ceases to conduct business through liquidation or forced disillusionment, voluntary or involuntary liquidation under the United States Bankruptcy Code.

18.1.2 LanVision has committed an act of default under this Agreement and fails to cure the default pursuant to Section 16.3, provided access to the Source Code is required to cure the underlying default.

18.2 Software Source Code obtained by IDX under this Section shall be returned to LanVision when all of IDX's rights to the Software terminate. All such Source Code shall be treated by IDX as LanVision Confidential Information as provided in Section 13. IDX's rights to use Source Code shall be solely limited to accomplish the delivery, installation, support, development, and modification of Software to meet the needs of IDX's then existing Customers.

19. MISCELLANEOUS

19.1 Nonsolicitation. Each party shall refrain from soliciting for employment any employee of the other until 12 months have elapsed following termination of this Agreement, or until 12 months have elapsed following termination of the employment of the employee, whichever occurs first. Participation in job fairs, publishing general job postings or advertisements, etc. shall not be considered "solicitation" for purposes of this section.

19.2 Assignment. Neither party may assign or otherwise transfer this Agreement or any rights or obligations under this Agreement to any third party without the prior written consent of the other party, except that this Agreement may be transferred to a successor to all or substantially all of the assets and business or equity of the transferring party or to an affiliate of such party as determined in Securities Exchange Act of 1934. Consent shall

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not be unreasonably withheld. Subject to the restriction on transfer set forth in this Section 19.2, this Agreement shall be binding upon and shall inure to the benefit of the parties' successors and assigns.

19.3 Waiver. The failure of either party to act upon any right, remedy, or breach of this Agreement shall not constitute a waiver of that or any other right, remedy, or breach. No waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

19.4 Notices. Unless provided otherwise in this Agreement, any notice required or permitted under this Agreement shall be personally delivered, or sent by telefax, courier, express or overnight delivery service, or by certified mail, postage prepaid, return receipt requested, to the following address:

If to LanVision: LanVision, Inc.
5481 Creek Road
Cincinnati, OH 45242
Attention: J. Brian Patsy, Chief Executive Officer
Telefax: (513) 794-7272

If to IDX: IDX Information Systems Corporation
1001 4th Avenue Plaza, Suite 1500
Seattle, WA 98154
Attention: President, ISD
Telefax: (206) 622-9951

With a copy to:
Vice President and General Counsel
IDX Information Systems Corporation
40 IDX Drive
P.O. Box 1070
Burlington, VT 05402-1070
Telefax: (802) 862-6351

or to such other address as shall be advised by any party to the other in writing. Notices shall be effective as of the date of receipt.

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- 19.5 Governing Law. This Agreement and any claim arising out of this Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, excluding its conflict of laws principles.
- 19.6 Provisions Severable. The provisions of this Agreement are severable. If any provision is held to be invalid, unenforceable, or void, the remaining provisions shall not as a result be invalidated.
- 19.7 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties relating to the object and scope of this Agreement. Any representation, statement, or warranty not expressly contained in this Agreement shall not be enforceable by the parties. This Agreement may not be amended except by a writing that specifically references this Agreement and is signed by authorized representatives of the parties.

LANVISION, INC.

IDX INFORMATION SYSTEMS CORPORATION

/s/ J. Brian Patsy

/s/ Michael E. Raymer

By: -----

By: -----

(Signature)

(Signature)

J. Brian Patsy

Michael E. Raymer

(Name Typed or Printed)

(Name Typed or Printed)

Chief Executive Officer

Vice President, ISD

(Title)

(Title)

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SCHEDULE A

LANVISION SOFTWARE

1. The Software existing on the date of this Agreement is as follows:

ELECTRONIC MEDICAL RECORD (EMR) SOFTWARE TO INCLUDE:
MICROVISION (VIEWER) VERSION 4.01
FOUNDATION SUITE VERSION 4.01
DOCUMENT CAPTURE SOFTWARE TO INCLUDE:
SCAN32 VERSION 2.01
DOC MODIFY VERSION 4.01
SYSTEM ADMINISTRATION VERSION 4.05
ACCESSANYWARE VERSION 1.00
CODINGANYWARE (IF AND WHEN AVAILABLE)

2. The following form of proprietary notice shall be followed when including LanVision's proprietary notice in any copies of the Software and/or Documentation made by or for IDX:

(C) [APPLICABLE YEAR] LANVISION, INC.

ALL RIGHTS RESERVED

This material contains proprietary and confidential information and is protected by copyright and trade secret laws. Unauthorized reproduction, distribution, or transfer of this material, or any portion of it, is strictly prohibited and may result in civil and criminal penalties. Known violators will be prosecuted to the maximum extent possible under the law.

The following are service marks, trademarks or registered trademarks of LanVision, Inc.: accessANYware(SM), AccountVision(TM), ASPeN(SM), AVremit(TM), AVregister(TM), ChartVision(R), Document Capture System(TM), codingANYware(SM), DocModify(TM), Enterprisewide Correspondence(TM), Release of Information(TM), LanVision(TM), [LanVision Logo](TM), MicroVision(TM), MultiView(TM), OmniVision(TM), On-Line Chart Completion(TM), SCAN32(TM), VisionFlow(R) and WebView(TM).

All other trademarks are trademarks or registered trademarks of their respective companies.

DISCLAIMER

LanVision, Inc. has taken due care in preparing this material. Nothing contained in this material alters in any way the terms and conditions of the license agreement by which the product was acquired, nor increases in any way LanVision's liability to the user. LanVision shall not be liable for any incidental, consequential, indirect, or special damages in connection with or arising from the

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use of this or any related materials.

LANVISION, INC.
5481 Creek Road
Cincinnati, Ohio 45242
Phone: (513) 794-7100
Fax: (513) 794-7272
E-mail: Webmaster@lanvision.com
World Wide Web: <http://www.lanvision.com>

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SCHEDULE B

Application Software Fees

PART 1: ACCESSANYWARE PERPETUAL PER VISIT PRICING (CUSTOMER FEES PROVIDED IN ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION)

- a. IDX shall pay to LanVision a Software License Fee based on the Customer list price in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE PERPETUAL PER VISIT CUSTOMER PRICE LIST less the discount in ATTACHMENT B-2 - VAR APPLICATION SOFTWARE FEES ROYALTY SCHEDULE. In addition, IDX or Customer shall pay professional Services Rates at [CONFIDENTIAL] of the rate listed in Schedule D.
- b. The accessANYware perpetual per visit license fees are calculated for each instance of accessANYware installed on a server (excluding test instances).
- c. The accessANYware license fees in ATTACHMENT B-1 include: Foundation Suite 4.x middleware and the accessANYware viewer.
- d. Maintenance fees are not included.
- e. The accessANYware license allows the Customer to install and use the software, provided the Customer does not violate the ACCESSANYWARE PERPETUAL PER VISIT PRICING terms and conditions.
- f. The ACCESSANYWARE PERPETUAL PER VISIT PRICING includes one [CONFIDENTIAL] for each initial accessANYware order.
- g. Custom software is not included with the accessANYware license fees. Custom software is quoted [CONFIDENTIAL], per specifications provided to LanVision by IDX.
- h. 3rd party software such as Oracle database software, Eastman (now known as eiStream) workflow software, and Microsoft operating system software, et. al. is not included and is the obligation of IDX or its Customer to license in adequate quantities from the appropriate software vendor. LanVision may

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resell, at a reasonable margin, certain 3rd party software licenses to
IDX or its Customers, upon request.

PRICE LIST EXAMPLE FOR ACCESSANYWARE PERPETUAL PER VISIT PRICING CALCULATION

A Customer who wishes to license a new instance of the accessANYware perpetual
per visit license with [CONFIDENTIAL] will have total perpetual per visit
license fees as follows:

[CONFIDENTIAL] (Tier 2):	[CONFIDENTIAL]
[CONFIDENTIAL] (Tier 3):	[CONFIDENTIAL]
[CONFIDENTIAL] (Tier 1)	[CONFIDENTIAL]
[CONFIDENTIAL] (Tier 2)	[CONFIDENTIAL]
Subtotal accessANYware License:	[CONFIDENTIAL]
[CONFIDENTIAL]High speed scanning module (Scan32):	[CONFIDENTIAL]
[CONFIDENTIAL]Low speed scanning modules (DocModify):	[CONFIDENTIAL]
[CONFIDENTIAL]Low speed scanning modules (DocModify):	[CONFIDENTIAL]
TOTAL CUSTOMER SOFTWARE LICENSE FEES:	[CONFIDENTIAL]

The example above provides for unlimited deployment of the Software across the
enterprise and unlimited simultaneous connections to the database. Fees are
based on [CONFIDENTIAL]. [CONFIDENTIAL]. The example above does not include
professional services fees related to system implementation. See Schedule D for
Services Rates. This example does not include applicable third party software.

PART 2: CODINGANYWARE TERM BASED SOFTWARE LICENSE (CUSTOMER FEES
PROVIDED IN ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION)

codingANYware term based software licenses are ONLY offered to existing IDX
Customers who have installed LanVision Software in the Customer's facilities or
data center using accessANYware perpetual per visit software licenses and do not
apply to Application Service Provider (ASP)-related services (ASPeN Services).
IDX shall pay to LanVision a Software License Fee based on the Customer list
price in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, CODINGANYWARE
TERM PER VISIT CUSTOMER PRICE LIST less the discount in ATTACHMENT B-2, VAR
APPLICATION SOFTWARE FEES ROYALTY SCHEDULE. In addition, IDX or Customer shall
pay professional Services Rates at

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[CONFIDENTIAL] of the rate listed in Schedule D. Customer is responsible for applicable third party software.

- b. codingANYware term based Software License Fees are based upon [CONFIDENTIAL] .
- c. Once the Customer Tier 1 cases coded volume limit is exceeded [CONFIDENTIAL] .
- d. The term agreement for each Customer is [CONFIDENTIAL]. The minimum Customer contracted amount is [CONFIDENTIAL]. Term based Software License Fees are payable to LanVision based on the Customer list price for [CONFIDENTIAL], and are due to LanVision within 30 days following the end of the month.
- e. codingANYware term based license fees are [CONFIDENTIAL].
- f. Projected annual volume of cases coded will be determined from Customer's Annual Report or internal statistics from the previous fiscal year for purposes of budgeting annual license fees. However, billing shall be based on [CONFIDENTIAL] as reported per the pricing in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, CODINGANYWARE TERM PER VISIT CUSTOMER PRICE LIST.

NOTES:

- 1. codingANYware term based pricing IS PRELIMINARY--final term based pricing will be announced just prior to the product's move to general availability (GA). However, this preliminary pricing will be honored for all contracts signed prior to GA. Term based pricing is ONLY available for Customers that license accessANYware software for installation at Customer's facilities or data center (not ASP-based or ASPeN Services). All other Customers are required to use ASP-based codingANYware pricing per ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, CODINGANYWARE ASPeN PER VISIT CUSTOMER PRICE LIST.
- 2. Term contract has a [CONFIDENTIAL] term.
- 3. Call LanVision Channel Management for custom quote [CONFIDENTIAL].

PRICE LIST EXAMPLE FOR CODINGANYWARE TERM BASED PRICING

Use the following example to estimate the [CONFIDENTIAL] Customer fees for the use of the codingANYware software by an individual Customer. This example assumes [CONFIDENTIAL]. A similar calculation must also be prepared for [CONFIDENTIAL].

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

EXAMPLE FOR [CONFIDENTIAL] CASES

Step 1

Find the highest applicable tier based upon [CONFIDENTIAL]. In this example it is [CONFIDENTIAL]

STEP 2

Determine the term-based fees by calculating the fees for each tier up to and including the highest tier that contains [CONFIDENTIAL]. See calculations below:

- 1) THE [CONFIDENTIAL] cases are priced at [CONFIDENTIAL].
- 2) THE NEXT [CONFIDENTIAL] cases are priced at [CONFIDENTIAL]
- 3) How many cases have been priced so far? [CONFIDENTIAL]
- 4) Find the remainder of the cases that need to be priced: [CONFIDENTIAL]
- 5) THE REMAINING [CONFIDENTIAL] are priced in [CONFIDENTIAL]
- 6) Find the [CONFIDENTIAL] CUSTOMER LICENSE FEE by adding all the totals from [CONFIDENTIAL]
- 7) Find the [CONFIDENTIAL] CUSTOMER LICENSE FEE: [CONFIDENTIAL]
- 8) Find the estimated TOTAL CUSTOMER LICENSE FEE FOR THE TERM [CONFIDENTIAL]

PART 3: ASPeN SERVICES (CUSTOMER SERVICE FEES PROVIDED IN ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION)

SECTION 1: ACCESSANYWARE ASPeN SERVICES

ASPeN Services fees described in this PART 3, SECTION 1, SUBSECTION A (below) and in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE - ASPeN PER VISIT CUSTOMER PRICE LIST, may vary based on the host of the ASP-based data center. ASPeN Services include accessANYware and completionANYware services. CODINGANYWARE IS PRICED SEPARATELY AND IS NOT INCLUDED IN THIS OFFERING.

ASPeN Services Fees in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE ASPeN PER VISIT CUSTOMER PRICE LIST assume Customers will implement the Software on an enterprise-wide basis to include all clinical departments (Emergency Room, Inpatients, Outpatients, Outpatient Surgery). [CONFIDENTIAL]

[CONFIDENTIAL] TERMS AND CONDITIONS

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

|_] Time sensitive implementation plan based on enterprise-wide deployment of ASPeN Services department by department over a [CONFIDENTIAL] period.

|_] ASPeN Services Fees are assessed per [CONFIDENTIAL].

|_] Payment milestones commence upon the date of Customer contract execution, as follows:

|_] Customer shall have [CONFIDENTIAL] to implement the first department of their choosing. ASPeN Services Fees shall then be assessed for the first department upon reaching the [CONFIDENTIAL] .

|_] Customer shall have [CONFIDENTIAL] to implement a second department of their choosing. ASPeN Services Fees shall be assessed for the second department upon reaching the [CONFIDENTIAL].

|_] Customer shall have [CONFIDENTIAL] to implement a third department of their choosing. ASPeN Services Fees shall be assessed for that department upon reaching the [CONFIDENTIAL].

|_] Customer shall have [CONFIDENTIAL] to implement the fourth department. ASPeN Services Fees shall be assessed for that department upon reaching the [CONFIDENTIAL].

|_] Customer may capture documents from all four applicable departments during the [CONFIDENTIAL], but is only assessed ASPeN Services Fees for the departments rolled out according to the above [CONFIDENTIAL] terms and conditions.

|_] In the event that the Customer fails to pay a payment milestone, Customer shall be considered in default of the [CONFIDENTIAL] terms and conditions. Upon default, standard ASPeN Services Fees terms and conditions shall apply and are due and payable for enterprise-wide deployment (for all four departments) based on the previous year's hospital departmental visit statistics (see Subsection A below).

|_] Projected annual patient visit volumes for each department will be determined from Customer's Annual Report or internal statistics from the previous fiscal year for purposes of budgeting departmental ASPeN fees. However, billing shall be based on [CONFIDENTIAL], per the pricing in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE - ASPeN PER VISIT CUSTOMER PRICE LIST.

[CONFIDENTIAL] PRICING [CONFIDENTIAL]

The [CONFIDENTIAL] plan is designed for Customer's that desire to (i) implement ASPeN Services in only one department, or to (ii) implement a pilot program before committing to enterprise-wide deployment.

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- |_ | The [CONFIDENTIAL] plan is a [CONFIDENTIAL] sensitive pilot pricing plan based on [CONFIDENTIAL].
- |_ | [CONFIDENTIAL] limit for pilot duration.
- |_ | Fee of [CONFIDENTIAL] captured, billed monthly.
- |_ | [CONFIDENTIAL] participants have the right to convert to the [CONFIDENTIAL] pricing plan or the standard ASPeN Services Fees terms and conditions at any point in time.
- |_ | Once the [CONFIDENTIAL] plan or standard ASPeN Services Fees terms and conditions conversion option is selected, the Customer must continue on the newly selected plan and that plan's terms and conditions from date of conversion election forward.
- |_ | Upon conversion to any newly selected payment plan, the Customer does not receive credits for [CONFIDENTIAL] fees charged.
- |_ | Only third level software maintenance support fees are included in the [CONFIDENTIAL] pricing.

SUBSECTION A: ACCESSANYWARE ASPeN SERVICES

The following defines the terms and conditions for accessANYware ASPeN Services:

1. accessANYware ASPeN Service Fees represent Customer list pricing. IDX shall pay to LanVision an ASPeN Services Fee based on the Customer list price in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE ASPeN PER VISIT CUSTOMER PRICE LIST. In addition, IDX or Customer shall pay professional Services Rates at [CONFIDENTIAL] of the rate listed in Schedule D.
2. Fees include [CONFIDENTIAL] Level Support only.
3. Hardware and third party software and support for scanning equipment located at Customer site shall be billed separately as noted in Item 4 below. For provision of Level [CONFIDENTIAL] Support or Level [CONFIDENTIAL] Support, Software License Fees to LanVision will be increased according to the terms and conditions pursuant to the VAR ROYALTY SCHEDULE - ATTACHMENT B-2.
4. ASPeN Services Fees do not include implementation fees, interface fees, hardware and third party software and support costs for scanning equipment located at Customer site, communication costs, data storage fees in excess of 300 GB or scan software in excess of one Scan32 and one DocModify scan station per Customer. The fees for any additional scanning hardware and 3rd party software and support, storage and additional LanVision provided scan software shall be billable monthly on a term contract basis coterminous with the ASPeN Services Agreement.

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3. If requested, LanVision will provide Application Administration Services(1) to support the IDX Data Center at the rate pursuant to Schedule D.
4. ASPeN Services Fees may be adjusted pursuant to this LanVision - IDX Reseller Agreement. Thereafter, all new contracts will be at the adjusted rates.
5. Projected annual patient visit volumes will be determined from Customer's Annual Report or internal statistics from the previous fiscal year for purposes of budgeting annual license fees. However, billing shall be based on [CONFIDENTIAL] reported per the pricing in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, ACCESSANYWARE PER VISIT CUSTOMER PRICE LIST. These projected [CONFIDENTIAL] volumes will be used for calculating escalating [CONFIDENTIAL] ASPeN Services Fees. [CONFIDENTIAL]. [CONFIDENTIAL] of the prorated [CONFIDENTIAL] fees based on [CONFIDENTIAL] will be incurred for each successive [CONFIDENTIAL] period during [CONFIDENTIAL] up to a maximum of [CONFIDENTIAL] of the prorated [CONFIDENTIAL] fees, regardless of the time in which the Customer takes to fully implement the system.

Example Customer ASPeN Services Fees:

PATIENT VISIT TYPE	HOSPITAL [CONFIDENTIAL] VISIT REPORT STATISTICS	ESTIMATED [CONFIDENTIAL] FEES	ESTIMATED [CONFIDENTIAL] FEES
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
	TOTAL	[CONFIDENTIAL]	[CONFIDENTIAL]

Example Customer ASPeN Services Fees payable:

DAYS POST-LIVE USE	PERCENT OF ESTIMATED [CONFIDENTIAL] FEES	MINIMUM [CONFIDENTIAL] ASPeN SERVICES FEES
30 Days	[CONFIDENTIAL]	[CONFIDENTIAL]
60 Days	[CONFIDENTIAL]	[CONFIDENTIAL]
90 Days	[CONFIDENTIAL]	[CONFIDENTIAL]
120 Days	[CONFIDENTIAL]	[CONFIDENTIAL]

After the [CONFIDENTIAL] period, the Customer will continue to pay [CONFIDENTIAL]

(1) Application Administration Services are defined as those administrative services required to build/maintain the ASPeN Services applications such as entering User IDs, profile maintenance, and document type maintenance.

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ASPeN Services Fee. However, at any time during the life of the contract, [CONFIDENTIAL].

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SECTION 2: CODINGANYWARE ASPeN SERVICES (PRELIMINARY PRICING)(2)

As noted in Part 2, Note 1 (see page 3), term based pricing for codingANYware is [CONFIDENTIAL]. In addition, IDX or Customer shall pay professional Services Rates at [CONFIDENTIAL] of the rate listed in Schedule D.

- a. codingANYware ASPeN Service Fees are based upon [CONFIDENTIAL]
- b. Once the Customer [CONFIDENTIAL] fees [CONFIDENTIAL] shall apply to [CONFIDENTIAL] is exceeded, etc. Individual Customer [CONFIDENTIAL].
- c. The term of the ASPeN agreement for each Customer is [CONFIDENTIAL]. The [CONFIDENTIAL] contracted amount is [CONFIDENTIAL] per year. Customer ASPeN Service Fees are payable based on the [CONFIDENTIAL], and are due to LanVision within 30 days following the end of the month.
- d. Projected volume of cases coded will be determined from Customer's Annual Report or internal statistics from the previous fiscal year for purposes of budgeting annual license fees. However, billing shall be based on [CONFIDENTIAL] as reported per the pricing in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, CODINGANYWARE - ASPeN PER VISIT CUSTOMER PRICE LIST.

The codingANYware fees in ATTACHMENT B-1, LANVISION PRICE BOOK - CUSTOMER EDITION, CODINGANYWARE ASPeN PER VISIT CUSTOMER PRICE LIST are for a stand-alone remote coding solution and are independent of the accessANYware ASPeN Service Fees (Part 3, Section 1). CodingANYware fees include Third Level Support only.

Hardware and third party software and support for scanning equipment located at Customer site shall be billed separately. For provision of Level [CONFIDENTIAL] Support or Level [CONFIDENTIAL] Support, Software License Fees to LanVision will be increased according to the terms and conditions pursuant to the VAR ROYALTY SCHEDULE - ATTACHMENT B-2. codingANYware fees do not include [CONFIDENTIAL]. The fees for additional scanning hardware and 3rd party software and support, storage and additional LanVision provided scan software shall be billable [CONFIDENTIAL] on a term contract basis coterminous with the codingANYware Services Agreement.

- - - - -
(2) CodingANYware term based pricing IS PRELIMINARY - final term based pricing will be announced just prior to the product's move to General Availability. However, this preliminary pricing will be honored for all contracts signed prior to General Availability.

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SCHEDULE B

ATTACHMENT B-1

LanVision Price Book

Customer Edition

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

LANVISION PRICE BOOK
CUSTOMER EDITION

(January 20, 2002)

[LANVISION LOGO]

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF
CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND
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NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

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ACCESSANYWARE - [CONFIDENTIAL]

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CODINGANYWARE - - [CONFIDENTIAL]

UTILITY SOFTWARE - [CONFIDENTIAL]

PROFESSIONAL SERVICES - [CONFIDENTIAL]

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

[CONFIDENTIAL]

UTILITY SOFTWARE CUSTOMER PRICE LIST

MODEL NUMBER	DESCRIPTION	QTY	LIST PRICE	ANNUAL 24X7 MAINTENANCE

SCANNING & INDEXING				

DOCMODIFY	Document Modify Scanning - w/Low Volume Scanner Attached	1	[CONFIDENTIAL]	[CONFIDENTIAL]
SCAN32	High Volume Scanning & Indexing System	1	[CONFIDENTIAL]	[CONFIDENTIAL]
IMAGE ENABLING				

IEAPI	Image Enable API for Hospital Information System	1	[CONFIDENTIAL]	[CONFIDENTIAL]
WORKFLOW				

WORKFLOW	Workflow Module (Custom)	1	[CONFIDENTIAL]	[CONFIDENTIAL]
CONVERSION PROGRAMS				

OPT2MAG	Program to Convert Data on Optical to Magnetic Storage	1	[CONFIDENTIAL]	[CONFIDENTIAL]
CUSTOM	Conversion Program (Custom)	1	[CONFIDENTIAL]	[CONFIDENTIAL]
INTERFACES				

ADTINT	MasterChart Interface License (ADT)	1	[CONFIDENTIAL]	[CONFIDENTIAL]
UNSOLINT	MasterChart Interface License (Unsolicited Results, non-Image Enabled)	1	[CONFIDENTIAL]	[CONFIDENTIAL]
DOCINT	MasterChart Interface License (Document)	1	[CONFIDENTIAL]	[CONFIDENTIAL]
CUSTOM	Non-standard Custom Interface	1	[CONFIDENTIAL]	[CONFIDENTIAL]

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

PROFESSIONAL SERVICES
(PURSUANT TO SCHEDULE D)

MODEL NUMBER	DESCRIPTION	QTY	LIST PRICE
	Consultants		
CM	Client Manager (Hourly rate)	1	[CONFIDENTIAL]
DBA	Database Administrator (Hourly rate)	1	[CONFIDENTIAL]
TC	Technical Consultant (Hourly rate)	1	[CONFIDENTIAL]
OC	Operational Consultant (Hourly rate)	1	[CONFIDENTIAL]
SA	Systems Analyst/Programmer (Hourly rate)	1	[CONFIDENTIAL]
HD1	Help Desk Analyst Level 1 (Hourly rate)	1	[CONFIDENTIAL]
HD2	Help Desk Analyst Level 2 (Hourly rate)	1	[CONFIDENTIAL]
SS	Sales Support Specialist	1	[CONFIDENTIAL]
AAS	Application Administration Specialist	1	[CONFIDENTIAL]
	STANDARD IMPLEMENTATIONS		

INSTALL	Interface Implementation	1	[CONFIDENTIAL]
INSTALL	Image Enable HIS Implementation	1	[CONFIDENTIAL]
INSTALL	HIM Implementation	1	[CONFIDENTIAL]
INSTALL	ASPeN HIM Implementation	1	[CONFIDENTIAL]
INSTALL	ASPeN Clinic Implementation	1	[CONFIDENTIAL]
	TRAINING		

EDUC	Training at LanVision Training Center (Quantity in days, limit of 6 students)	1	[CONFIDENTIAL]
EDUC	Training at Customer Facility (Quantity in days, limit of 6 students)	1	[CONFIDENTIAL]

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Schedule B
ATTACHMENT B-2

VAR Application Software Fees
Royalty Schedule

This SCHEDULE B, ATTACHMENT B-2 provides the Application Software Fees Royalty calculations for various total IDX "Software Component Value" at the payment milestones.

As to perpetual licenses, the calculation of the variable Application Software Fees (a/k/a Royalty payable to LanVision) is based on the following two payment milestones:

1. upon execution by IDX of an EMR Software Sublicense Agreement [a/k/a On Order], AND;
2. upon shipment of the Software to a Customer or the date on which Software Implementation Activities commence, whichever is sooner, as outlined in the Reseller Agreement.

As to codingANYware term licenses, the calculation of the variable Application Software Fees (a/k/a Royalty payable to LanVision) is based upon the variable Application Software Fees for term sublicenses, payable to LanVision on a monthly basis, as outlined in Reseller Agreement.

As to ASPeN Services Fees, the calculation of the variable Application Software Fees (a/k/a Royalty payable to LanVision) is based upon the variable ASPeN Services Fees, payable to LanVision on a monthly basis, as outlined in the Reseller Agreement.

The Application Software Fees and ASPeN Services Fees, payable to LanVision by IDX, shall be calculated and paid to LanVision based upon the annual cumulative LanVision Software Component Value at each payment milestone. THE VARIABLE ROYALTY RATES, ARE BASED UPON THE CUMULATIVE ANNUAL LANVISION SOFTWARE COMPONENT VALUES, AS FOLLOWS:

TIER 1	[CONFIDENTIAL]	[CONFIDENTIAL]
TIER 2	[CONFIDENTIAL]	[CONFIDENTIAL]
TIER 3	[CONFIDENTIAL]	[CONFIDENTIAL]
TIER 4	[CONFIDENTIAL]	[CONFIDENTIAL]
TIER 5	[CONFIDENTIAL]	[CONFIDENTIAL]
TIER 6	[CONFIDENTIAL]	[CONFIDENTIAL]

IDX will pay to LanVision a Royalty, based on the payment terms in this Agreement, at a royalty rate of [CONFIDENTIAL] on the first [CONFIDENTIAL] in LanVision Software Component

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Value. Once the LanVision Software Component Value exceeds [CONFIDENTIAL], then the incremental Royalty rate changes to [CONFIDENTIAL], and thereafter changes based on the cumulative annual LanVision Software Component Value, by Tier, as listed above (see Table 1). The variable Royalty rate calculation is recomputed annually, on the anniversary of the Effective Date, starting over at the [CONFIDENTIAL] level as noted in Tier 1 above.

[CONFIDENTIAL] TABLE 1 - CUMULATIVE VARIABLE ROYALTY RATE

Each IDX EMR Software Sublicense Agreement is accounted for separately at each separate payment milestone. For example:

- 30% at the time of the On Order payment for Software License Fees for perpetual sublicenses; and,
- the remaining 70% at the time of the shipment of the Software to a Customer or the date on which Software Implementation Activities commence, whichever is sooner; or,

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- the monthly milestone for Software License Fees for term sublicenses and ASPeN Services Fees.

Based upon the then cumulative annual LanVision Software Component Value of the Software License Fees and ASPeN Services Fees, the incremental Royalty payable to LanVision, at the milestones noted above, would vary from a high of [CONFIDENTIAL] to a low of [CONFIDENTIAL].

An example of the application of the above variable Royalty rate calculation is attached hereto.

EXHIBIT A "IDX MILESTONE VALUE, 'VARIABLE ROYALTY RATE' CALCULATION SCHEDULE BASED ON CUSTOMER LIST PRICES" is an example of the calculation of the variable Royalty rate applicable to each milestone payment to LanVision for Software License Fees on:

1. five (5) perpetual sublicenses to IDX Customers; and,
2. the ASPeN Services Fees for one (1) ASPeN Service Agreement of a IDX Customer.

Note that the Software License Fees - Software Component Value for a perpetual Software license, is always [CONFIDENTIAL] of the Customer List Price, whereas, the ASPeN rate of [CONFIDENTIAL] is deemed to be equal to the LanVision Software Component Value of the Customer List Price subject to a Royalty (see Exhibit C).

As each milestone payment is due and payable to LanVision, the milestone and the LanVision Software Component Value for the applicable agreement is added to the schedule to determine the applicable Royalty rate of that milestone payment. The amount shown in the ROYALTY \$ PAYABLE column of EXHIBIT A, is the amount applicable to that milestone to be paid to LanVision.

Exhibit B "IDX Milestone Payment Schedule for Software" IS AN EXAMPLE OF APPLYING THE VARIABLE ROYALTY RATES DETERMINED IN Exhibit A, TO EACH OF THE FIVE (5) EXAMPLE EMR SOFTWARE SUBLICENSER AGREEMENTS. NOTE THAT BASED ON WHEN EACH AGREEMENT MILESTONE EVENT IS REACHED, THE THEN APPLICABLE ROYALTY RATE APPLIES. EACH ROYALTY PAYMENT ON Exhibit B CAN BE CROSS-REFERENCED TO THE CORRESPONDING CALCULATION ON Exhibit A. (items A through M).

EXHIBIT C "ASPeN SERVICES FEES PAYMENT SCHEDULE" is an example of applying the variable Royalty rates determined in EXHIBIT A, to an ASPeN Service Agreement. Note that the monthly ASPeN Services Fee Royalty is calculated at the then applicable Royalty rate. Each Royalty payment on EXHIBIT C can be cross-referenced to the corresponding calculation on EXHIBIT A. (ITEMS 1 THROUGH 5). Please also note that the [CONFIDENTIAL] data center cost and the

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[CONFIDENTIAL] maintenance cost is in addition to the Royalty, and not subject to inclusion in the EXHIBIT A variable Royalty calculation.

Term license agreements for LanVision's codingANYware software assumes that the Software is hosted in the Customer's data center for a minimum of [CONFIDENTIAL]. Based on a [CONFIDENTIAL] agreement, the LanVision Software Component value is calculated at [CONFIDENTIAL] of the Customer Price List. In addition, please also note that a [CONFIDENTIAL] maintenance cost is required in addition to the Royalty (if LanVision is hosting the IDX ASPeN Service Agreement in a LanVision Data Center) and is not subject to inclusion in the EXHIBIT A Royalty calculation.

Per [CONFIDENTIAL] Plan [to be inserted]

Departmental [CONFIDENTIAL] [to be inserted]

If LanVision agrees to allow IDX to discount the Customer Price List for any agreement entered into by IDX with a Customer, then the discounted amount will be used in place of the Customer List Price for all Royalty calculations in Exhibit A.

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NOTES FOR THE ATTACHED TABLES:

1. For any such IDX Customer contract, the relative Software values based upon the CURRENT LANVISION END USER LIST PRICE (less LanVision authorized Customer discounts for LanVision Software) shall be used.
2. Application Software Fees (Royalty) rate reductions per the following tables are dependent upon proper Application Software Fee reporting AND Application Software Fee payment to LanVision.
3. All Application Software Fee (Royalty) calculations are cumulative for each year commencing on the Effective Date of the Agreement and are reset [CONFIDENTIAL].
4. For purposes of the attached examples, the Customer is assumed to pay LanVision Software Customer List Price and for Level [CONFIDENTIAL] Support, Level [CONFIDENTIAL] Support and Level [CONFIDENTIAL] Support. Level [CONFIDENTIAL] Support fees are [CONFIDENTIAL] in the Software Component Value Computation (EXHIBIT A) and are described elsewhere in this Reseller Agreement.

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EXHIBIT A

IDX MILESTONE VALUE, VARIABLE ROYALTY RATE CALCULATION SCHEDULE

[CONFIDENTIAL]

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

EXHIBIT B

IDX MILESTONE PAYMENT SCHEDULE FOR SOFTWARE

[CONFIDENTIAL]

ASPeN SERVICES FEES PAYMENT SCHEDULE

[CONFIDENTIAL]

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

SCHEDULE C

EMR APPLICATION SOFTWARE SUBLICENSE AGREEMENT
AND MAINTENANCE SERVICES AGREEMENT

(ASPeN SERVICES AGREEMENT AND SOFTWARE SUBLICENSE AGREEMENT FOR CODINGANYWARE
SHALL BE ADDED AT A LATER TIME)

NOTE: PORTIONS MARKED "[CONFIDENTIAL]" HAVE BEEN OMITTED FOR REASONS OF
CONFIDENTIALITY AND HAVE BEEN FILED SEPARATELY WITH THE U. S. SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

SCHEDULE C

EMR APPLICATION SOFTWARE SUBLICENSE AGREEMENT

IDX INFORMATION SYSTEMS CORPORATION

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

EMR APPLICATION SOFTWARE SUBLICENSE AGREEMENT

1. INTRODUCTION

1.1 Execution of this EMR Application Software Sublicense Agreement as of this ___ day of _____, 2002, by IDX Information Systems Corporation ("IDX") and [Insert Name of Customer Here] ("Customer"), or any supplement or addendum thereto, shall constitute acceptance and agreement as to the terms and conditions of this EMR Application Software Sublicense Agreement. Except as otherwise defined herein, terms used herein shall have the meanings given to them elsewhere in the Comprehensive Ordering Agreement dated _____, 2002, between IDX and Customer (the "COA Agreement").

1.2 IDX and Customer, intending to be legally bound, agree as follows:

2. DEFINITIONS

2.1 "Configuration Schedule": the one or more schedules so named and executed as a part of this Sublicense Agreement that lists the Software, the Hardware, and the Services provided to Customer by IDX and/or IDX's licensors under this Sublicense Agreement.

2.2 "Documentation": the user documentation for the Software.

2.3 "Effective Date": the date stated in Paragraph 1.1 of this Sublicense Agreement.

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- 2.4 "Hardware": the equipment provided to Customer under this Sublicense Agreement and listed in the Configuration Schedule as Hardware.
- 2.5 "Maintenance Services Agreement": that certain agreement of even date herewith entered into by Customer and LanVision, Inc., whereby LanVision, Inc. agrees to provide certain maintenance and support services for the System, all as more specifically described in such agreement.
- 2.6 "Services": the services provided to Customer by IDX and/or its licensors under this Sublicense Agreement and listed in the Configuration Schedule as Services. Services may include, but are not limited to, services for implementation, installation, training, project management, custom software development, certification, and integration. Services do not include maintenance and support services. Maintenance and support services are provided under the Maintenance Services Agreement.
- 2.7 "Software": the computer software programs provided to Customer by IDX under this Sublicense Agreement and listed in the Configuration Schedule.
- 2.8 "Sublicense Agreement": this EMR Application Software Sublicense Agreement and all incorporated schedules, appendices, addenda, and written amendments.
- 2.9 "System": the computer software programs and equipment, including, but not limited to, each item of the Software and the Hardware, that together function as the Electronic Medical Record (EMR) system used by Customer.

3. SOFTWARE

- 3.1 Subject to Customer's compliance with the terms of this Sublicense Agreement, IDX hereby grants to Customer a personal, nonexclusive, nontransferable license to use the Documentation and to install, use, and execute the Software on equipment owned or leased by Customer in support of the internal business activities of Customer and Customer's Affiliates (as defined in the COA Agreement), subject to any use, user, and quantity limitations specified in the applicable Configuration Schedule.
- 3.2 Customer may make one copy of the Software for archival and backup purposes, provided IDX and/or its licensors' proprietary notices are included in such copy.
- 3.3 Subject only to the licenses expressly granted under this Sublicense Agreement, all right,

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title, and interest in and to the Software and Documentation, including all associated intellectual property rights, are and shall remain with IDX and/or IDX's licensors.

- 3.4 IDX's grant to Customer does not include any right to grant sublicenses or otherwise transfer any granted right, except to the extent this entire Sublicense Agreement may be transferred pursuant to Paragraph 14.1.
- 3.5 Customer shall not export the Software, the Documentation, or any direct product thereof, directly or indirectly, in violation of the export laws and regulations of the United States of America.
- 3.6 IDX and/or IDX's licensors will deliver the Software to Customer in object code and will deliver one set of the Documentation in printed or electronic format. Additional copies of the Documentation are available for a charge.
- 3.7 Customer shall not decompile or otherwise reverse engineer or decode the Software. Customer shall not disclose the results of any benchmark tests run on the Software, without the prior written approval of IDX. Except for the rights specifically granted herein, Customer is granted no other rights in or to the Software. All copyrights, patents, trade secrets, and other intellectual property rights associated with the Software and any ideas, concepts, techniques, inventions, processes, or works of authorship developed or created by IDX and/or its licensors in relation to the Software shall remain the sole and exclusive property of IDX and/or its applicable licensors.

4. HARDWARE

- 4.1 IDX hereby sells the Hardware to Customer.
- 4.2 IDX will deliver all Hardware to Customer F.O.B. Hardware manufacturer's shipping site. IDX reserves the right to make partial deliveries and to ship the Hardware as it becomes available. Any stated delivery dates are approximate.
- 4.3 Customer may acquire any equipment for the System from a third party supplier. However, Customer shall give IDX the opportunity to supply the equipment as Hardware under this Sublicense Agreement and Customer shall purchase such equipment from IDX if IDX agrees to supply it at a price equal to or better than the third party supplier's price.
- 4.4 If Customer uses third party supplied equipment as part of the System, IDX shall certify that such equipment is compatible with the rest of the System and, at Customer's option,

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shall integrate such equipment into the System. Customer will pay IDX's then current standard certification and integration services fees, as applicable.

5. SERVICES

- 5.1 IDX shall make the Services available to Customer. IDX may provide the Services directly or with the assistance of its licensors, suppliers, and subcontractors.
- 5.2 To the extent required by any of the Services, IDX and/or IDX's licensors and Customer will, within 60 days of the Effective Date of this Sublicense Agreement, agree upon any necessary design specifications, implementation plans, project schedules, and project scope. Such specifications, plans, schedules, and scope, shall be in writing and signed by authorized representatives of the parties. The parties may mutually agree to amend or modify such specifications, plans, schedules and scope from time to time in writing.

6. ACCEPTANCE

- 6.1 The Software shall be subject to the acceptance provisions set forth in this Section 6. For the purposes of these acceptance provisions, a "material nonconformity" means a nonconformity of the Software with the applicable design specifications for the Software where such nonconformity (a) prevents the use of the Software, (b) prevents the Software from meeting agreed upon performance specifications, or (c) jeopardizes overall System integrity; and "in production" means, with respect to the Software, using the Software in connection with the scanning, indexing, storage, retrieval, printing, or faxing of any Customer records in the normal course of business and not solely for testing purposes.
- 6.2 IDX and/or IDX's licensors shall notify Customer in writing when the Software has been delivered to Customer in accordance with the applicable design specifications and is ready for testing. Customer shall then have [CONFIDENTIAL] to test the Software to determine whether it meets the requirements of the applicable design specifications. Customer shall use its best efforts to test the Software fully and promptly.
- 6.3 Customer shall notify IDX and/or IDX's licensors in writing of any material nonconformity of the Software as soon as possible but not later than the end of the test period and in as much detail as possible. IDX and/or IDX's licensors shall correct the nonconformity and shall notify Customer in writing when the corrected Software has been delivered to Customer and is ready for testing. Customer shall then have [CONFIDENTIAL] to test the Software. Any further material nonconformities shall be handled in accordance with

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this Paragraph 6.3.

6.4 The Software shall be deemed to be accepted by Customer if [CONFIDENTIAL].

7. CUSTOMER RESPONSIBILITIES

7.1 Customer shall select a sufficient number of operators who are qualified to operate the System and are familiar with the information that serves as input and output of the System. Customer shall monitor the performance of the System and shall provide backup operations to protect itself from loss due to any error conditions. Customer is responsible for periodic cleaning and maintenance activities for all components of the System as recommended by IDX, other licensors, and manufacturers, as applicable. Customer is responsible for data integrity and for any necessary conversion of its data to the format required by the System. Customer is responsible for maintaining the compatibility of third party supplied software and equipment with the Software and the Hardware.

7.2 Customer shall provide IDX and/or IDX's licensors with such time and attention of Customer personnel and such access to Customer's facilities and the System and shall take such site preparation steps as may be necessary or appropriate to enable IDX to provide the Standard Software, the Hardware, and the Services to Customer. Customer shall make available qualified Customer personnel to facilitate IDX's performance of its obligations under this Sublicense Agreement.

7.3 The timely completion by IDX of its obligations under this Sublicense Agreement is dependent on the timely fulfillment by Customer of its responsibilities. If IDX and/or IDX's licensors is prevented from performing any work or is required to perform additional work as a result of (a) the unavailability of Customer personnel, (b) the unavailability, incompleteness, or improper installation, configuration, or operation of Customer's facilities or equipment, (c) Customer failing to timely provide IDX and/or IDX's licensors with any necessary assistance, instructions, or information, or (d) Customer otherwise failing to meet its responsibilities as set forth in this Section 7, Customer shall pay IDX and/or IDX's licensors on a [CONFIDENTIAL] at IDX's then current rates for any work time lost or additional work performed. The date on which IDX's obligations are required to be fulfilled will be extended for a period of time equal to the time lost by reason of the delay or additional work.

8. FEES AND PAYMENT

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8.1 Customer shall pay IDX the Software license fees, the Hardware purchase prices, and the Services fees set forth on the Configuration Schedules executed under this Sublicense Agreement. Such payments shall be made in accordance with Article 3 "Payment Terms" of the COA Agreement.

8.2 Customer shall pay IDX additional Software license fees for unauthorized or increased use beyond the usage or license quantities authorized by IDX and described in the Configuration Schedule. Such payments for additional usage or license quantities shall be due and payable within thirty (30) days of notification of unauthorized use. Failure to remit such payments as prescribed shall be considered a material breach of this Sublicense Agreement, subject to the termination provisions of Section 13.2.

9. INSPECTION

IDX's authorized representatives shall have free access to Customer's premises and to Customer's officers, employees, and managers during normal business hours upon reasonable notice for the purpose of inspecting Customer's equipment, premises, and records. In addition, Customer shall allow IDX and/or IDX's licensors to have remote access to the System's audit logs. All such access is granted only to enable IDX and/or IDX's licensors to verify Customer's compliance with the restrictions and obligations set forth in this Sublicense Agreement.

10. WARRANTIES

10.1 IDX warrants that it has the right to grant the licenses granted to Customer under this Sublicense Agreement for the Software.

10.2 IDX warrants, for a period of [CONFIDENTIAL] from the date of installation, that the Software, when properly installed, operated with the equipment configuration and in the operating environment specified by IDX, will conform in all material respects to IDX's or its licensors, as applicable, most current published Documentation or functional specifications, whichever is applicable. As IDX's sole responsibility and Customer's exclusive remedy, in the event of any material nonconformity of any item of the Software, IDX shall make a reasonable effort to repair or replace the item so that it conforms as required.

10.3 IDX warrants that all Services, will be of professional quality conforming to generally accepted industry standards. As IDX's sole responsibility and Customer's exclusive

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remedy in the event of any material failure to meet such standard, IDX shall cause the Service to be re-performed at no cost to Customer.

- 10.4 IDX warrants that the Software will operate prior to, during, and after calendar year 2000 without error relating to date data and will allow the use of date data in a four digit year format, e.g., as "1998" rather than "98". IDX is not responsible for errors caused by Customer systems or other software with which the Software is used that provide date data in other formats. As IDX's sole responsibility and Customer's exclusive remedy, in the event that any Software fails to meet this warranty, IDX shall use its best efforts to promptly correct such failure.
- 10.5 Due to the nature of computer software programs, IDX does not warrant that the operation of the Software will be entirely error free.
- 10.6 The warranties in Paragraphs 10.2 through 10.5 shall not apply to a warranted item (a) if the error or malfunction was not caused by the Software, the Hardware, or the Services, (b) if the warranted item has been modified without IDX's prior written approval, (c) if the error or malfunction is caused by Customer's misuse of or damage to the warranted item, (d) if the error or malfunction is caused by third party supplied software or equipment that has not been certified by IDX as being compatible with the rest of the System, or (e) if the error or malfunction is caused by Customer's failure to meet its obligations under Section 7 of this Sublicense Agreement. Customer shall pay IDX on a time and expenses basis at IDX's then current standard rates for any warranty services provided when the warranty does not apply.
- 10.7 EXCEPT AS EXPRESSLY STATED IN THIS SUBLICENSE AGREEMENT, IDX AND ITS LICENSORS, SUPPLIERS, AND SUBCONTRACTORS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE SOFTWARE, THE HARDWARE, THE SERVICES, THE DOCUMENTATION, THE SYSTEM, OR ANY OUTPUT BASED ON USE OF THE SYSTEM. IDX AND ITS LICENSEORS SPECIFICALLY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

11. INDEMNITIES AND LIABILITIES

- 11.1 If Customer receives a claim that the use of the Software infringes a United States of America patent, copyright, or other intellectual property right, Customer will promptly notify IDX in writing, and will give IDX and/or IDX's licensors all necessary information

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and assistance and the exclusive authority to evaluate, defend, and settle such claim. Provided such timely notice, assistance, and authority have been given by Customer, IDX (and/or its licensors) will defend, at its own expense, such claim and will indemnify and hold Customer harmless from all damages and expenses, including court costs and reasonable attorney fees, incurred or awarded as a result of the claim. If, as a result of the infringement claim, Customer is enjoined from using the Software, IDX (and/or its licensors) will, at its option, (a) procure for Customer the right to use the Software, (b) replace or modify the Software to perform the same or substantially the same functions in a manner so as to avoid infringement, or (c) remove the infringing Software and refund the license fees paid by Customer for such Software less a reasonable amount for amortization or depreciation. The foregoing indemnity will not apply to infringement claims based on programming made to the specification or design of Customer, Customer's modification of the Software, Customer's use of the Software in combination with anything not furnished by IDX and/or IDX's licensors, or if the infringement claim would have been avoided but for Customer's use of other than the latest release of the Software made available to Customer by IDX. This Paragraph 11.1 states IDX's entire obligation and liability with respect to any infringement claim.

11.2 The total liability of IDX and its licensors, suppliers, and subcontractors for all claims, whether in contract, tort, or otherwise, arising out of, connected with, or resulting from the license, sale, manufacture, delivery, installation, support, repair, maintenance, replacement, or use of the Software, the Hardware, and/or the Services, as applicable, shall not exceed the lesser of [CONFIDENTIAL].

11.3 IN NO EVENT SHALL IDX, ITS LICENSORS, SUPPLIERS, OR SUBCONTRACTORS BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF REVENUE OR PROFITS, COST OF CAPITAL, CLAIMS OF CUSTOMER'S CLIENTS FOR SERVICE INTERRUPTIONS OR FAILURE OF SUPPLY, AND COSTS AND EXPENSES INCURRED IN CONNECTION WITH LABOR, OVERHEAD, TRANSPORTATION, INSTALLATION, OR REMOVAL OF EQUIPMENT OR PROGRAMMING OR SUBSTITUTE FACILITIES OR SUPPLY RESOURCES, EVEN IF IDX OR ITS LICENSORS, SUPPLIERS OR SUBCONTRACTORS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12. PROPRIETARY RIGHTS AND CONFIDENTIALITY

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- 12.1 The terms set forth in Article 11 entitled "Proprietary Rights and Confidentiality" of the COA Agreement shall apply to this Sublicense Agreement.
- 12.2 The Software and Documentation and all copies, versions, and derivative works of the Software and Documentation made by or on behalf of Customer are and shall remain the sole property of IDX or its licensors.
- 12.3 The obligations under this Section 12 shall survive termination of this Sublicense Agreement. Each party acknowledges that a breach of its obligations under this Section 12 will cause irreparable harm to the other party and/or its licensors for which monetary damages would be inadequate. Each party and/or its licensors will be entitled to injunctive relief for any such breaches, threatened or actual.

13. TERM AND TERMINATION

- 13.1 This Sublicense Agreement shall commence on the Effective Date and shall continue until terminated in accordance with this Section 13.
- 13.2 Failure by either party to comply with any material term or condition of this Sublicense Agreement shall constitute default. The non-defaulting party shall be entitled to give written notice to the defaulting party requiring it to cure the default. The notice shall include a detailed description of the act or omission that constitutes default. If the defaulting party has not cured the default within [CONFIDENTIAL] after receipt of the notice, the non-defaulting party may terminate this Sublicense Agreement by giving written notice to take effect upon receipt. The right to terminate this Sublicense Agreement is in addition to any other rights and remedies provided under this Sublicense Agreement or otherwise under law.
- 13.3 Within ten days after the effective date of any termination, Customer shall return or destroy the Software, the Documentation, and all materials or media containing any other Confidential Information, including any information, records, and materials developed on the basis of any Confidential Information. Customer shall promptly certify in writing to IDX that Customer has complied with the foregoing obligation and has discontinued all use of the Software and Documentation.

14. MISCELLANEOUS

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- 14.1 Assignment. Neither party may assign or otherwise transfer this Sublicense Agreement or any rights or obligations under this Sublicense Agreement to any third party without the prior written consent of the other party, except that this Sublicense Agreement may be transferred to a successor to all or substantially all of the assets and business of the transferring party. Consent shall not be unreasonably withheld. Subject to the restriction on transfer set forth in this Paragraph 14.1, this Sublicense Agreement shall be binding upon and shall inure to the benefit of the parties' successors and assigns.
- 14.2 Force Majeure. Neither party shall be liable for any delay in or failure of performance resulting from any cause or condition beyond its reasonable control, whether foreseeable or not.
- 14.3 Waiver. The failure of either party to act upon any right, remedy, or breach of this Sublicense Agreement shall not constitute a waiver of that or any other right, remedy, or breach. No waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.
- 14.4 Governing Law. This Sublicense Agreement and any claim arising out of this Sublicense Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, excluding its conflict of laws principles.
- 14.5 Provisions Severable. The provisions of this Sublicense Agreement are severable. If any provision is held to be invalid, unenforceable, or void, the remaining provisions shall not as a result be invalidated.
- 14.6 Entire Agreement. This Sublicense Agreement constitutes the entire agreement and understanding between the parties relating to the object and scope of this Sublicense Agreement. Any representation, statement, or warranty not expressly contained in this Sublicense Agreement shall not be enforceable by the parties. This Sublicense Agreement may not be amended except by a writing that specifically references this Sublicense Agreement and is signed by authorized representatives of the parties. No non-officer representative of IDX shall be authorized to act or make any commitment for IDX except pursuant to written instructions made and signed by an officer of IDX.

[PRIMARY CUSTOMER LEGAL NAME]

IDX INFORMATION SYSTEMS CORPORATION

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By: -----
(Signature)

(Name Typed or Printed)

(Title)

(Date)

By: -----
(Signature)

(Name Typed or Printed)

(Title)

(Date)

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SCHEDULE C

MAINTENANCE SERVICES AGREEMENT

MAINTENANCE SERVICES AGREEMENT

1. INTRODUCTION

1.1 This Maintenance Services Agreement, made as of _____ ("Effective Date"), by and between LanVision, Inc. ("LanVision"), an Ohio corporation with its principal place of business at 5841 Creek Road, Cincinnati, Ohio 45242, and [PRIMARY CUSTOMER LEGAL NAME] ("Customer"), with its principal place of business at [PRIMARY CUSTOMER PRINCIPAL ADDRESS]. This Maintenance Services Agreement is executed simultaneously with the EMR Application Software Sublicense Agreement by and between IDX Information Systems Corporation ("IDX"), with its principal place of business at 40 IDX Drive, South Burlington, VT 05403, and Customer (the "EMR Sublicense Agreement"). Except as otherwise defined in this Maintenance Services Agreement, terms used herein shall have the meanings given to them elsewhere in the EMR Sublicense Agreement.

1.2 IDX is authorized to enter into this Maintenance Services Agreement on behalf of LanVision, as an agent of LanVision. LanVision and Customer, intending to be legally bound, agree as follows:

2. DEFINITIONS

2.1 "Affiliate": any legal entity controlling, controlled by, or in common control with Customer. Each Affiliate shall agree in writing to abide by the obligations and restrictions established in this Agreement.

2.2 "Agreement": this Maintenance Services Agreement and all incorporated schedules, appendices, addenda, and written amendments.

2.3 "Custom Software": the custom developed computer software programs listed in the Maintenance Services Schedule as Custom Software.

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2.4 "Customer Contacts": the Customer personnel who have been designated by Customer as the persons authorized to communicate with LanVision to obtain the Maintenance Services from LanVision on a day-to-day basis. Customer may designate up to five Customer Contacts in accordance with Paragraph 4.1.

2.5 "Documentation": the user documentation for the Software provided electronically by LanVision.

2.6 "EMR Software Application Sublicense Agreement": the sublicense agreement by and between Customer and IDX under which Customer is permitted to use the Software.

2.7 "Enhancement": any modification or addition that, when made or added to the Software, materially changes its utility, efficiency, functional capability, or application, but that does not constitute solely an Error Correction. Enhancements may be designated by LanVision as minor or major, depending on LanVision's assessment of their value and of the functionality added to the Software.

2.8 "Error": any failure of the Software or Hardware specified in the applicable Maintenance Services Schedule to conform in all material respects to LanVision's, its licensor's, or the manufacturer's, as applicable, most current published functional specifications for such Software or Hardware. However, any nonconformity resulting from (a) a modification not approved by LanVision, (b) Customer's misuse of or damage to the Software or Hardware, (c) third party supplied software or equipment that has not been certified by LanVision as compatible with the rest of the System, (d) Software or Hardware not listed on an applicable Maintenance Services Schedule, or (e) Customer's failure to meet its obligations under Section 4 of this Agreement, shall not be deemed to be an Error.

2.9 "Error Correction": either (a) a modification or addition that, when made or added to the Software or Hardware specified in the applicable Maintenance Services Schedule, brings such Software or Hardware into material conformity with the most current published functional specifications, or (b) a procedure or routine that, when observed in the regular operation of such Software or Hardware, avoids the practical adverse effect of such nonconformity. The Error Correction, when completed, may be provided in the form of a "temporary fix" consisting of sufficient programming and operating instructions to implement the Error Correction.

2.10 "Hardware": the equipment listed in the Maintenance Services Schedule as Hardware.

2.11 "Maintenance Services": the maintenance and support services provided to Customer by LanVision as described in this Agreement, including Error Correction, Telephone Support, On-Site Support, and the provision of certain Releases. Maintenance Services may be offered at

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various coverage levels with correspondingly varying Maintenance Services fees. The coverage selected is specified in the applicable Maintenance Services Schedule. Maintenance Services do not include: daily administration, performance monitoring, backups, media management, equipment cleaning, network support and troubleshooting, data conversation or recovery, or disaster recovery.

2.12 "Maintenance Services Schedule": the one or more schedules, specifically approved by LanVision, so named and executed as a part of this Agreement that list the Software and Hardware for which Maintenance Services are being provided and that specify the applicable Maintenance Services coverage levels and fees.

2.13 "Normal Working Hours": the hours between 8:30 a.m. and 5:30 p.m. Eastern Time, Monday through Friday, excluding regularly scheduled holidays of LanVision.

2.14 "On-Site Support": the Maintenance Services provided at Customer's site when necessary, as determined by LanVision, to correct Errors in the Software or Hardware specified in the applicable Maintenance Services Schedule.

2.15 "Priority 1 Error": an Error that (a) prevents a major System component being used in production from operating, (b) prevents a critical task of the System from functioning, or (c) materially corrupts data or imperils data integrity.

2.16 "Priority 2 Error": an Error that (a) impairs a major System component being used in production from operating as fully as intended, (b) impairs a critical task of the System from functioning as intended, or (c) is likely to result in a Priority 1 Error within 72 hours if not corrected.

2.17 "Release": a new edition of the Software specified in the applicable Maintenance Services Schedule, which may include either Error Corrections or Enhancements, or both. A Release is identified by a change in a number, specifying the unique edition state of the Software, which number is to the right of the first decimal point (e.g., from V 3.4.11 to V 3.5.0).

2.18 "Software": the Custom Software and the Standard Software.

2.19 "Standard Software": the standard, non-custom, computer software programs listed in the Maintenance Services Schedule as Standard Software.

2.20 "System": the computer software programs and equipment, including, but not limited to, each item of the Software and the Hardware, that together function as the electronic medical record system used by Customer.

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2.21 "Telephone Support": the Maintenance Services provided via the telephone during Normal Working Hours (a) allowing Customer, through Customer Contacts, to speak directly with LanVision personnel to report Errors or other issues and seek assistance in the use of the Software and Hardware specified in the applicable Maintenance Services Schedule and (b) allowing LanVision to perform troubleshooting, diagnosis, and resolution by remote dialup. Telephone support is available, for Priority 1 Errors and Priority 2 Errors only, on an extended hours coverage basis for an additional charge. The coverage selected is specified in the applicable Maintenance Services Schedule.

2.22 "Updates": shall mean packages of Software corrections, as well as revisions addressing common functional and performance issues. An Update is identified by a change in a number, specifying the unique revision state of the Software, which number is to the right of the second decimal point (e.g., from V 3.4.11 to V3.4.12).

3. MAINTENANCE SERVICES

3.1 During the term of this Agreement, LanVision will provide the Maintenance Services for the Software and Hardware listed on a Maintenance Services Schedule then in effect. The Maintenance Services for particular Software or Hardware will commence upon the expiration of the applicable warranty period provided for under the EMR Software Application Software Sublicense Agreement, or at such time as otherwise provided in the Maintenance Services Schedule. LanVision may provide the Maintenance Services with the assistance of its suppliers and subcontractors. Maintenance Services for items not listed on a Maintenance Services Schedule may be available on a time and expenses basis. To facilitate the delivery of the Maintenance Services provided hereunder, Customer shall acquire and maintain, at its expense, adequate hardware, software and telecommunication services sufficient to permit remote access to Customer's System by LanVision. Customer and LanVision shall specifically agree upon appropriate procedures and protocols for such remote access by LanVision.

3.2 LanVision shall use all reasonable diligence commensurate with the nature of the Error, to correct any verifiable and reproducible Errors when reported to LanVision in accordance with its standard reporting procedures. LanVision will respond to the initial report of an Error within one Normal Working Hour. LanVision will provide Telephone Support, Error Correction and/or On-Site Support as necessary to correct Errors. By a LanVision assigned case number, LanVision will log and track all Errors and other issues reported by Customer and will provide weekly case status reports to Customer Contacts. LanVision is not responsible for correcting Errors in any editions of the Software other than the two most recent Releases of the Software.

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3.3 Customer shall pay LanVision on a time and expenses basis for all LanVision work spent investigating or correcting an error or malfunction that is not an Error.

3.4 LanVision may, from time to time, issue Releases and/or Updates containing Error Corrections and/or minor Enhancements to its customers generally, at no charge. LanVision shall provide Customer with such Releases and/or Updates for the Software being maintained under this Agreement, without additional charge. Customer shall install any such Releases and/or Updates. Because Releases and/or Updates are cumulative, each Release and/or Updates is useful only if Customer has obtained and installed all prior applicable Releases and/or Updates. LanVision may, from time to time, offer new versions containing major Enhancements to its customers for an additional charge. LanVision will consider and evaluate the development of additional Enhancements for Customer's specific use and will respond to Customer's requests for additional services pertaining to the Software. If LanVision agrees to provide such Enhancements or services, they will be contracted for under the terms of a separate agreement.

4. CUSTOMER RESPONSIBILITIES

4.1 Customer shall designate in writing to LanVision at least one, but no more than five, Customer Contacts. The Customer Contacts shall be qualified to facilitate all necessary maintenance and support for the System.

4.2 Customer, through the Customer Contacts, shall notify LanVision promptly following the discovery of any Error. Further, upon discovery of an Error, Customer shall, if requested by LanVision, submit to LanVision a listing of output and any other data that LanVision may reasonably require in order to reproduce the Error and the operating conditions under which the Error occurred or was discovered.

4.3 Customer shall select a sufficient number of operators who are qualified to operate the System and are familiar with the information that serves as input and output of the System. Customer shall monitor the performance of the System and shall provide backup operations to protect itself from loss due to any error conditions. Customer is responsible for periodic cleaning and maintenance activities for all components of the System as recommended by LanVision and manufacturers, as applicable. Customer is responsible for data integrity and for any necessary conversion of its data to the format required by the System. Customer is responsible for maintaining the compatibility of third party supplied software and equipment with the Software and the Hardware.

4.4 Customer is responsible for procuring, installing, and maintaining all equipment (other than the Hardware covered by the Maintenance Services under this Agreement), telephone lines,

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communications interfaces, and other components necessary to operate the System and to obtain Maintenance Services from LanVision. Customer shall provide LanVision with such time and attention of Customer personnel and such access to Customer's facilities and the System and shall take such site preparation steps as may be necessary or appropriate to enable LanVision to provide the Maintenance Services. Customer shall make available qualified Customer personnel to facilitate LanVision's performance of Maintenance Services.

4.5 The timely completion of the Maintenance Services by LanVision is dependent on the timely fulfillment by Customer of its responsibilities. If LanVision is prevented from performing any Maintenance Services or is required to perform additional work as a result of (a) the unavailability of Customer personnel, (b) the unavailability, incompleteness, or improper installation, configuration, or operation of Customer's facilities or equipment, (c) Customer failing to timely provide LanVision with any necessary assistance, instructions, or information, or (d) Customer otherwise failing to meet its responsibilities under this Section 7, Customer shall pay LanVision on a time and expenses basis at LanVision's then current rates for any work time lost or additional work performed. The date on which LanVision's obligations are required to be fulfilled will be extended for a period of time equal to the time lost by reason of the delay or additional work.

5. USAGE AND OWNERSHIP RIGHTS

5.1 Customer's rights and obligations concerning the use of any Error Corrections, Enhancements, or Releases (or any other programming made or provided by LanVision, regardless of its form or purpose) shall be the license and use rights and obligations as provided in the EMR Software Application Sublicense Agreement.

5.2 The modifications to the Software, including all associated intellectual property rights, made or provided by LanVision pursuant to this Agreement, whether alone or with any contribution from Customer or its personnel, shall be owned exclusively by LanVision. To the extent that Customer or its personnel may acquire any right or interest in the modifications by operation of law, Customer irrevocably assigns all such right and interest exclusively to LanVision. Customer shall take any action and execute any documents reasonably necessary and sufficient to give effect to the provisions of this Section 5.

5.3 LanVision agrees to place and maintain a copy of the source code for the Software in escrow (to the extent LanVision owns such source code or is authorized to place it in escrow) with a recognized source code escrow agent on customary terms and conditions, and agrees to make Customer a beneficiary of such escrow arrangement. LanVision hereby grants to Customer a nonexclusive license to use, reproduce, and modify the source code for the Software to support and maintain the Software, and for no other purpose. Such license shall be effective

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only upon the proper release of the source code from the escrow agent in accordance with the terms of the escrow agreement between LanVision and the escrow agent.

6. FEES AND PAYMENT

6.1 Customer shall pay IDX the Maintenance Services fees set forth on the Maintenance Services Schedules executed under this Agreement. These Maintenance Services fees are due [CONFIDENTIAL] basis beginning upon the later of either (a) the expiration of the applicable warranty period provided under the EMR Software Application Sublicense Agreement or (b) the execution of the Maintenance Services Schedule, or at such time as otherwise provided in the Maintenance Services Schedule. Customer shall pay fees for Maintenance Services for items not listed on a Maintenance Services Schedule on a [CONFIDENTIAL], and such fees may be billed to Customer directly by LanVision. In addition, if Customer purchases additional hardware or third party software and LanVision is willing to provide Maintenance Services for such additional items as part of this Agreement, then Customer shall pay IDX additional support fees for such new items.

6.2 At any time following the [CONFIDENTIAL] anniversary of the Maintenance Services Schedule, the Maintenance Services fees may be changed upon [CONFIDENTIAL] prior written notice to Customer.

6.3 Customer shall pay all reasonable out-of-pocket expenses incurred by LanVision on Customer's behalf. These expenses will be limited to media and other materials costs; shipping and handling costs; reasonable and customary travel, lodging, and meal expenses; and any special or unusual expenses incurred at Customer's request. Expenses are due as incurred and will be billed to Customer directly by LanVision.

6.4 Customer shall pay when due or, if necessary, reimburse IDX or LanVision, as applicable, for, all sales, use, property, excise, and other similar taxes, including penalties and interest arising from Customer's failure to pay such taxes timely, resulting from the use of the Software or from any activities under this Agreement, exclusive of taxes based on IDX's or LanVision's net income or corporate franchise. If Customer has tax-exempt status, it shall supply IDX with its tax-exempt certificate and/or number as necessary. Taxes are due as assessed.

6.5 Customer shall pay all amounts due, except those disputed in good faith, under this Agreement upon receipt of the invoice to the address designated on the invoice. Customer shall pay a monthly service charge of [CONFIDENTIAL] on all such amounts not paid within 30 days of the invoice date.

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7. WARRANTIES

7.1 LanVision warrants that the Maintenance Services will be of professional quality conforming to generally accepted industry standards. As LanVision's sole responsibility and Customer's exclusive remedy, in the event of any material failure to meet such standard, LanVision shall make all reasonable efforts to remedy any such failures in accordance with the Error Correction procedures provided for in this Agreement.

7.2 EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, LANVISION AND ITS LICENSORS, SUPPLIERS, AND SUBCONTRACTORS MAKE NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE MAINTENANCE SERVICES, THE SYSTEM, OR ANY OUTPUT BASED ON USE OF THE SYSTEM. LANVISION SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

8. INDEMNITIES AND LIABILITIES

8.1 Customer shall require all Affiliates to agree in writing to abide by the obligations and restrictions established by this Agreement. Customer hereby guarantees the compliance of Affiliates with the terms of this Agreement and shall be fully liable for any and all non-compliance by Affiliates.

8.2 Customer shall indemnify and hold LanVision harmless from and against all claims, liabilities, damages, and expenses, including court costs and reasonable attorney fees, arising out of or in any manner connected with Customer's operation of its business, the safety of its workplace, the quality and condition of any output of the System, or any other act or omission of Customer, in whole or in part.

8.3 The total liability of LanVision, IDX, and their licensors, suppliers, and subcontractors for all claims, whether in contract, tort, or otherwise, arising out of, connected with, or resulting from the Maintenance Services provided under this Agreement shall not exceed [CONFIDENTIAL].

8.4 IN NO EVENT SHALL LANVISION, IDX, OR EITHER OF THEIR SUPPLIERS, OR SUBCONTRACTORS BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF REVENUE OR PROFITS, COST OF CAPITAL, CLAIMS OF CUSTOMER'S CLIENTS FOR SERVICE INTERRUPTIONS OR FAILURE OF SUPPLY, AND COSTS AND EXPENSES INCURRED IN CONNECTION WITH LABOR, OVERHEAD, TRANSPORTATION, INSTALLATION, OR REMOVAL OF EQUIPMENT OR PROGRAMMING OR SUBSTITUTE FACILITIES OR SUPPLY RESOURCES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

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9. TERM AND TERMINATION

9.1 This Agreement shall commence on the Effective Date and shall continue until terminated in accordance with this Section 9.

9.2 Each Maintenance Services Schedule shall commence on the date it becomes fully signed by LanVision and Customer and shall continue in effect for one year and thereafter shall automatically renew for successive renewal terms of one year each, unless and until either party elects to terminate the Maintenance Services Schedule upon expiration of the term then in effect by giving written notice of its intention at least 60 days prior to the date of such expiration. Notwithstanding the foregoing, all Maintenance Services Schedules shall terminate upon the termination of either this Agreement or the EMR Sublicense Agreement.

9.3 Failure by either party to comply with any material term or condition of this Agreement or the EMR Sublicense Agreement shall constitute default. The non-defaulting party shall be entitled to give written notice to the defaulting party requiring it to cure the default. The notice shall include a detailed description of the act or omission that constitutes default. If the defaulting party has not cured the default within 30 days after receipt of the notice, the non-defaulting party may terminate this Agreement by giving written notice to take effect upon receipt. The right to terminate this Agreement is in addition to any other rights and remedies provided under this Agreement or otherwise under law.

9.4 In addition to the rights set forth in Paragraph 9.3 above, if Customer fails to pay any fees or charges due, except those disputed in good faith, under this Agreement or fails to carry out any other obligation under this Agreement or the EMR Sublicense Agreement, LanVision may, at its option, suspend Maintenance Services upon 30 days' prior written notice until Customer cures the default.

9.5 No termination of this Agreement or any Maintenance Services Schedule shall release Customer from any obligation to pay IDX or LanVision, as applicable, any amount that has accrued or become payable at or prior to the date of termination. No suspension of Maintenance Services pursuant to Paragraph 9.4 shall release Customer from any obligation to pay IDX the Maintenance Services fees. Customer shall not be entitled to any refund of Maintenance Services fees paid to IDX or its licensors as a result of a termination based on Customer's default.

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9.6 Should Customer terminate this Agreement for any reason other than an uncured default by LanVision and desire to purchase additional Maintenance Services for the Software or Hardware at a later time, Customer shall be required to enter into a new agreement with LanVision under which Customer must [CONFIDENTIAL].

10. DISPUTE RESOLUTION

10.1 Any claim or controversy arising out of or relating to this Agreement, including any anticipated breach or disagreement as to interpretation of this Agreement, that is not resolved by the parties themselves, shall be settled by binding arbitration in Cincinnati, Ohio, administered by the American Arbitration Association under its Commercial Arbitration Rules, including its Optional Rules for Emergency Measures of Protection. The arbitrator(s) shall decide all discovery issues. Neither party nor the arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties, except as may be necessary to judicially or otherwise enforce the arbitration agreement or any award arising therefrom. All fees and expenses of the arbitration shall initially be borne by the parties equally. However, each party shall bear the expense of its own counsel, experts, witnesses, and preparation and presentation of proofs, except that the prevailing party shall be entitled to an award of reasonable attorney's fees and/or reimbursement for fees and expenses of the arbitration, to be determined by the arbitrator(s). Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. For purposes of judicial enforcement of an arbitration judgment, the parties hereby consent to the non-exclusive jurisdiction of the Federal and State Courts located in Hamilton County, Ohio.

11. MISCELLANEOUS

11.1 Nonsolicitation. Each party shall refrain from soliciting for employment or employing, directly or indirectly, any employee of the other until 12 months have elapsed following termination of this Agreement, or until 12 months have elapsed following termination of the employment of the employee, whichever occurs first.

11.2 Assignment. Neither party may assign or otherwise transfer this Agreement or any rights or obligations under this Agreement to any third party without the prior written consent of the other party, except that this Agreement may be transferred to a successor to all or substantially all of the assets and business of the transferring party. Consent shall not be unreasonably withheld. Subject to the restriction on transfer set forth in this Paragraph, this Agreement shall be binding upon and shall inure to the benefit of the parties' successors and assigns.

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11.3 Force Majeure. Neither party shall be liable for any delay in or failure of performance resulting from any cause or condition beyond its reasonable control, whether foreseeable or not.

11.4 Waiver. The failure of either party to act upon any right, remedy, or breach of this Agreement shall not constitute a waiver of that or any other right, remedy, or breach. No waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

11.5 Notices. Unless provided otherwise in this Agreement, any notice required or permitted under this Agreement shall be personally delivered, or sent by telefax, courier, express or overnight delivery service, or by certified mail, postage prepaid, return receipt requested, to the following address:

If to Customer: [PRIMARY CUSTOMER NAME]
 [PRIMARY CUSTOMER ADDRESS]
 Attention: [NAME AND/OR TITLE]
 Telefax: [NUMBER]

If to LanVision: LanVision, Inc.
 5481 Creek Road
 Cincinnati, Ohio 45242
 Attention: Chief Financial Officer
 Telefax: (513) 794-7272

 or to such other address as shall be advised by any party to the other in writing. Notices shall be effective as of the date of receipt.

11.6 Third Party Beneficiaries. IDX's and LanVision's licensors, suppliers, and subcontractors shall be third party beneficiaries under this Agreement.

11.7 Governing Law. This Agreement and any claim arising out of this Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, excluding its conflict of laws principles.

11.8 Provisions Severable. The provisions of this Agreement are severable. If any provision is held to be invalid, unenforceable, or void, the remaining provisions shall not as a result be invalidated.

11.9 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties relating to the object and scope of this Agreement. Any representation,

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statement, or warranty not expressly contained in this Agreement shall not be enforceable by the parties. This Agreement may not be amended except by a writing that specifically references this AGREEMENT AND IS SIGNED BY AUTHORIZED REPRESENTATIVES OF THE PARTIES.

[PRIMARY CUSTOMER LEGAL NAME]

IDX INFORMATION SYSTEMS CORPORATION, AS
AGENT FOR LANVISION, INC.

By: _____
(Signature)

By: _____
(Signature)

(Name Typed or Printed)

(Name Typed or Printed)

(Title)

(Title)

(Date)

(Date)

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SCHEDULE D
SERVICES RATES

The LanVision professional services hourly rates for first-shift are:

EM	Engagement Manager (Hourly rate)	[CONFIDENTIAL]
DBA	Database Administrator (Hourly rate)	[CONFIDENTIAL]
AAS	Application Administration (Hourly rate)	[CONFIDENTIAL]
TC	Technical Consultant (Hourly rate)	[CONFIDENTIAL]
OC	Operational Consultant (Hourly rate)	[CONFIDENTIAL]
SA	Systems Analyst/Programmer (Hourly rate)	[CONFIDENTIAL]
SS	Sales Support Specialist (Hourly rate)	[CONFIDENTIAL]
HD1	Help Desk Analyst Level 1 (Hourly rate)	[CONFIDENTIAL]
HD2	Help Desk Analyst - Level 2 (Hourly rate)	[CONFIDENTIAL]
AAS	Application Administration Specialist (Hourly rate)	[CONFIDENTIAL]

Services performed outside of first-shift hours (i.e., Monday through Friday, 8:00 a.m. - 6:00 p.m., Cincinnati Time) will be billed at [CONFIDENTIAL].

LanVision shall be reimbursed for reasonable necessary travel and living expenses as provided in this Agreement.

The LanVision training rates are:

Customer Site Training	[CONFIDENTIAL].
Onsite at LanVision Training	[CONFIDENTIAL]
Additional Students	[CONFIDENTIAL]

Rates may be increased in accordance with Section 9.6 of this Agreement.

Payments of invoices or services provided in accordance with this Schedule D are due and payable upon receipt.

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SCHEDULE E

TECHNICAL SEVERITY AND CLIENT PRIORITY DESCRIPTIONS

TECHNICAL SEVERITY AND CLIENT PRIORITY

Two mechanisms are used to identify the significance of software problems. TECHNICAL SEVERITY is used internally by LanVision and is assigned by the Customer Service representative to indicate the level of potential impact on patient care and/or business operations for Clients. The following Table 2 defines the technical severity levels used and LanVision's commitment for response at each level.

CLIENT PRIORITY allows each Client to identify the issues whose resolutions are most important to their business. The Customer Service representative works issues in each application area for each Client in Client Priority order, regardless of the Technical Severity.
[CONFIDENTIAL].

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TABLE 2
TECHNICAL SEVERITY

TECHNICAL SEVERITY DESCRIPTION	REPORTING	RESPONSE
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

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SCHEDULE F

CERTIFIED THIRD PARTY HARDWARE AND SOFTWARE

Third Party Hardware and Software Configurations

The following Third Party hardware and software is required to operate the Software as of the date of this Agreement. LanVision shall update this Exhibit on a quarterly basis to reflect any changes in the 3rd party hardware and software requirements of LanVision-authored software.

PART 1: 3RD PARTY HARDWARE

MODEL	DESCRIPTION	QTY.
[CONFIDENTIAL]	EITHER	[CONFIDENTIAL]
[CONFIDENTIAL]	OR:	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]
[CONFIDENTIAL]	[CONFIDENTIAL]	[CONFIDENTIAL]

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PART 2: 3RD PARTY SOFTWARE

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I. EMBEDDED PRODUCTS: (1)

COMPANY	PRODUCT	LANVISION PRODUCT
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC, Correspondence, OmniVision, DocModify
[CONFIDENTIAL]	[CONFIDENTIAL]	Foundation Suite, AIP32
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	ChartVision 3.X, OCC
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC, Correspondence, OmniVision, Doc Modify, Foundation Suite
[CONFIDENTIAL]	[CONFIDENTIAL]	
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC
[CONFIDENTIAL]	[CONFIDENTIAL]	Correspondence
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	ChartVision 3.X
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC, Correspondence, OmniVision, DocModify
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware
[CONFIDENTIAL]	[CONFIDENTIAL]	AccessANYware

(1) Embedded is defined as installed automatically with the install of a LanVision product.

(1) Embedded is defined as installed automatically with the install of a LanVision product.

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II. NON-EMBEDDED PRODUCTS: (2)

COMPANY	PRODUCT NAME	LANVISION PRODUCT
[CONFIDENTIAL]	[CONFIDENTIAL]	ChartVision 3.X
[CONFIDENTIAL]	[CONFIDENTIAL]	Correspondence and custom workflow
[CONFIDENTIAL]	[CONFIDENTIAL]	Fax Server (ChartVision, OmniVision, OCC, Correspondence and DocModify)
[CONFIDENTIAL]	[CONFIDENTIAL]	Correspondence and custom workflow
[CONFIDENTIAL]	[CONFIDENTIAL]	LVScan32 and DocModify
[CONFIDENTIAL]	[CONFIDENTIAL]	ADT Interfaces to LanVision
[CONFIDENTIAL]	[CONFIDENTIAL]	WebView, System Administration and MicroVision
[CONFIDENTIAL]	[CONFIDENTIAL]	Core Services (CV 4.XX)
[CONFIDENTIAL]	[CONFIDENTIAL]	WebView (server) and MicroVision
[CONFIDENTIAL]	[CONFIDENTIAL]	WebView (server) and MicroVision
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC, Correspondence, Reports
[CONFIDENTIAL]	[CONFIDENTIAL]	OCC, Correspondence
[CONFIDENTIAL]	[CONFIDENTIAL]	All LanVision products
[CONFIDENTIAL]	[CONFIDENTIAL]	WebView and MicroVision

(2) Non-embedded software must be installed, and can be operated, separately.

(2) Non-embedded software must be installed, and can be operated, separately.

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SCHEDULE G

LANVISION CUSTOMER LIST

The following are LanVision customers as of the date of this agreement.
LanVision agrees to update this Exhibit on a regular basis.

Albert Einstein Medical Center, Philadelphia, PA
Christiana HealthCare System, DE
Holzer Medical Center, Gallipolis, OH
Medical College of Georgia
Medical University Health Authority dba Medical University of South Carolina
OhioHealth, Columbus, OH
Stanford Health Care
Kettering Medical Center, Dayton, OH
Children's Medical Center of Dallas
Continuum Health Partners, New York, NY
Texas Health Resources, Dallas, TX
Highland Park Hospital, Highland Park, IL
Memorial Sloan Kettering Cancer Center, New York, NY
ProMedica Health Systems, Toledo, OH
The Health Alliance of Cincinnati
University of Pittsburgh Medical Center

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EXCHANGE COMMISSION PURSUANT TO RULE 24b-2.

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

	Fiscal Year		
	2001	2000	1999
Net earnings (loss)	\$ 210,360	\$ 20,893	\$(3,247,073)
Average shares outstanding	8,889,586	8,862,974	8,827,055
Stock options:			
Total options	294,874	123,619	--
Assumed treasury stock buyback	(110,740)	(81,519)	--
Warrants assumed converted	--	--	--
Convertible redeemable preferred stock assumed converted	--	--	--
Number of shares used in per common share computation	9,073,720	8,905,074	8,827,055
Basic net earnings (loss) per share of common Stock	\$.02	\$.00	\$ (.37)
Diluted net earnings (loss) per share of common stock	\$.02	\$.00	\$ (.37)

The diluted net (loss) per common share calculation, in fiscal 1999 excludes the effect of the Stock Options and Warrants, as the inclusion thereof would be antidilutive.

LanVision Systems, Inc.

2001 Annual Report

[Art work - photograph of workstation with photo - montage of
healthcare images]

[Company Logo]

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LanVision has not paid a dividend on its Common Stock since its inception and does not intend to pay any cash dividends in the foreseeable future.

STOCK PRICES

FISCAL YEAR 2001

	HIGH ----	LOW ---	CLOSE -----
1st Quarter	\$ 1.313	\$ 0.563	\$ 1.000
2nd Quarter	1.750	0.950	1.250
3rd Quarter	1.700	0.850	1.230
4th Quarter	4.980	1.070	3.500

FISCAL YEAR 2000

	HIGH ----	LOW ---	CLOSE -----
1st Quarter	\$ 3.469	\$ 1.188	\$ 1.625
2nd Quarter	2.000	0.875	1.313
3rd Quarter	1.625	0.813	1.000
4th Quarter	1.344	0.438	0.906

CORPORATE PROFILE

LanVision is an Electronic Medical Record solution provider and a leading supplier of Healthcare Information Access Solutions that utilize the power of the Internet/Intranet to link hospitals, physicians, patients and payers to a robust Electronic Medical Record. LanVision's solutions enable the coordination of both "structured" and "unstructured" patient data through a single healthcare information repository. The Company's products are complementary to and integrated with the clinical and financial systems of some of the largest Healthcare Information Management Systems providers in the healthcare industry. LanVision has developed HIPAA (Health Insurance Portability and Accountability Act of 1996) compliant state-of-the-art document imaging, electronic interfaces and workflow tools to enable end users to electronically access all the various forms of healthcare information.

LanVision(TM)
 Healthcare Information Access Systems

Dear Stockholder:

Fiscal 2001 was a year of significant accomplishment for LanVision. I am pleased to report that we have achieved several important milestones toward our goals of:

- significantly increasing LanVision's profitability;
- establishing LanVision as a leader in providing products and services to manage the entire life cycle of the Medical Record from creation to long-term retention; and
- positioning LanVision for important growth by taking advantage of promising new healthcare market opportunities.

LanVision achieved record operating results in fiscal 2001, realizing profitability in 3 of 4 quarters. Furthermore, operating profit increased from \$66 thousand in 2000 to more than \$2 million in 2001 as a result of accelerated software revenues from our indirect distribution partner who sold eight new enterprise systems in 2001, bringing the total to 21 over the last 4 years. LanVision believes that the accelerated pace of new sales by our current distribution partner, combined with the potential for significant incremental revenues from new strategic partners, bodes well for the future. As additional strategic partners are added, we considerably enhance our ability to penetrate the healthcare marketplace with our products and services. In addition, the predictability of future revenues is improved by expanding our recurring Medical Record services and maintenance services revenue base as each new system is installed.

Management believes that our revenue growth in 2002 will be fueled by:

- a significant increase in incremental revenue from existing and new strategic distribution partners;
- an increase in interest by healthcare organizations in LanVision products and services to assist in compliance with the new Federal HIPAA (Health Insurance Portability and Accountability Act of 1996) standards as they relate to the confidentiality and security of Medical Records; and
- incremental new revenues derived from a new and exciting line of business for LanVision in the remote coding marketplace. Due to an acute shortage of available coding personnel, there currently exists a great demand for solutions to attract and retain qualified coders and to make the coding process more efficient. In May of 2002, LanVision will introduce codingANYware, a new product which will provide workflow automation of the coding and abstracting process by allowing hospital personnel to electronically access documents to be coded and abstracted from remote locations, including the employee's home.

During 2001, three new significant strategic alliances were achieved:

- LanVision announced it will enter into a referral marketing relationship with 3M Health Information Systems, a division of 3M, in which the 3M Health Record Management Software for Medical Record abstracting will be embedded into LanVision's codingANYware remote coding product. Both products will work seamlessly to code and abstract the Medical Record during the same remote, web-enabled coding session;
- LanVision announced a strategic business relationship with Iron Mountain Incorporated, a leader in records and information management services, in which LanVision will integrate its document imaging products with Iron Mountain's Digital Archives Services and develop joint marketing programs; and
- LanVision announced a remarketing agreement with IDX Information Systems Corporation, a leading provider of healthcare information technology solutions, in which the LanVision document imaging and workflow tools will be integrated with the IDX enterprise clinical information systems.

Management believes that these new alliances will contribute to revenues in 2002, with a potential for significant increases in 2003 and beyond, as the integrations are completed and these new partners put their distribution and

remarketing mechanisms into place. LanVision also believes that the existing strategic alliances, with Siemens Medical Solutions, IDX, 3M, Iron Mountain, and future agreements with others, significantly increase our healthcare market opportunities.

LanVision believes that the new HIPAA regulations will be a tremendous impetus for healthcare organizations to consider our products and services as a means of ensuring compliance with the new regulations. The current regulations, as proposed, cover all Medical Records whether maintained electronically or the traditional paper-based records. LanVision, we believe, has the most comprehensive, secure and scalable system available in the market today. Our application software is currently functioning in the most demanding of environments, including the ASP delivery model, and is a cost-effective means of meeting the needs of healthcare organizations as they implement the new HIPAA regulations.

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LanVision continues to make considerable investments in its products. The Web browser-based technologies, new products and distribution model position LanVision to take advantage of many emerging Internet and services-based healthcare market opportunities relating to the use of the Internet/Intranet as an important new medium to collect and distribute healthcare information. For example, in August 2001, we announced the deployment of our newest state-of-the-art product accessANYware, LanVision's new thin-client, Web-based application that incorporates the latest Java and browser technology to streamline an extensive selection of functionality from one User Interface. The accessANYware product includes a browser-based chart deficiency management system and browser-based electronic storage, management, searching, viewing and processing of all patient health information from a single login.

As a result of the improved distribution of our products and services, our customer base continues to expand as customers enjoy significant operating success while improving patient care. LanVision continues to look for additional market opportunities and new ways to broaden the distribution of our products by pursuing additional strategic business alliances with traditional Healthcare Information Systems companies, emerging healthcare Application Service Providers, and other potential strategic partners who have a need to interact with the patient's Medical Record. We believe that our state-of-the-art, scalable and web-enabled products and services provide a competitive advantage to LanVision and its strategic business partners in the Electronic Medical Record marketplace. We are very optimistic about our future and our ability to expand our business in order to achieve our goal to be the dominant provider of products and services that manage the entire life cycle of the Medical Record.

We are thankful for your continued confidence.

Sincerely,

/s/ J. Brian Patsy

J. Brian Patsy
Chairman of the Board and Chief Executive Officer

OUR VISION

INDUSTRY TRENDS

In the year 2002 and beyond, LanVision believes that the healthcare industry will be devoting a substantial amount of time and information technology budgets to comply with the federal HIPAA (Health Insurance Portability and Accountability Act of 1996) regulations and compliance issues, as they relate to protecting the privacy of patient information. HIPAA is comprised of several rules such as the Privacy Rule and the Security Rule. The final Privacy Rule was published April 2001 with compliance by covered entities required within 24 months, or by April 2003. The final Security Rule has not been published.

In addition to HIPAA, the healthcare industry is being strongly encouraged by many professional medical organizations to make greater use of information technology. The Institute of Medicine (IOM) of the National Academies, in a report entitled "To Err is Human: Building a Better Health System," envisions a revamped system that, among other things, makes greater use of information technology to enable providers and institutions to move away from paper-based medical record systems to take advantage of new information technology. The American Medical Association, American Academy of Family Physicians, American College of Physicians, American Society of Internal Medicine, and the American College of Surgeons, issued a joint statement supporting the IOM recommendations.

The HIPAA regulations and industry trends as recommended in the IOM report could be a tremendous impetus for hospitals and Integrated Healthcare Delivery Networks to begin to seriously look at LanVision's products and services as a means of ensuring compliance with the new regulations and improving healthcare delivery through the use of information technology.

Many healthcare providers have not invested the resources necessary to upgrade their information systems to support their increased information requirements, which could lead to wasted efforts, redundant tests and procedures, and administrative inefficiencies that often adversely impact the quality of care. Furthermore, those organizations that have taken on the challenge of gathering such information electronically have often implemented clinical information systems that have only focused on the structured data components rather than all forms of healthcare information, including paper. In order to make a substantial impact on the inefficiencies inherent in today's healthcare environment, all unstructured data such as images, hand-written physician notes, etc. need to be seamlessly integrated with its structured counterpart in an easily accessible and complete Electronic Medical Record. The Internet/Intranet provides a universal, cost-effective communications medium to deliver the complete Electronic Medical Record to all of the constituents of the healthcare industry.

While the trend within healthcare clearly is towards a paperless environment, there are widely differing opinions as to whether paper and other forms of unstructured data will be completely eliminated. Most healthcare industry experts agree however, that it is unlikely that paper or other forms of unstructured data will be eliminated anytime soon. The continued reliance on paper is further apparent, given that physicians would otherwise be required to change the way that they currently practice medicine. This is problematic given the amount of writing physicians perform in relation to the additional time and effort necessary for them to put their thoughts into structured data format (i.e. keyboard entry at a specified computer workstation). There is an immediate need to ensure that all healthcare information can be accessed electronically, regardless of the media on which the information is created or stored.

The dramatic growth of the Internet and private Intranets as an important new medium to collect and distribute information, communicate, interact and engage in healthcare commerce has emerged as the way to overcome the historical technical barriers for connecting the participants in the fragmented healthcare industry. Along with the growth of the Internet/Intranet, there has been increased emphasis on the cost-effective Application Service Provider (ASP) delivery model that offers Web browser-based software application functionality via a fee-for-service arrangement over the Intranet/Intranet from a centralized data center. The technical barriers are diminishing for several reasons:

- - universal, low-cost and high speed Internet access is replacing private networks,
- - common navigation via browser-based technology is replacing proprietary desktop client software, and
- - the Internet's open architecture is providing a solution for integrating existing computer systems.

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THE MARKETPLACE

Competitive pressures and the need to significantly reduce overall healthcare costs will require healthcare organizations to automate their labor-intensive, paper-based processes and seamlessly integrate these with their existing clinical applications, creating a complete centralized Electronic Medical Record repository--regardless of the medical record medium or physical location. The ASP delivery model is the most cost-effective method of creating and maintaining a centralized Electronic Medical Record repository. This ASP-based centralized electronic repository will represent a critical connectivity solution necessary to link hospital clinicians, physician practices, administrators, payers, consumers and other third parties to common healthcare information via a secured Internet/Intranet. As increased security requirements emerging from HIPAA dictate changes in how organizations manage patient information, the new secure Web browser-based technologies will prevail as the predominate economic solution to electronically store, process, route and view vital healthcare information, regardless of the creation medium or the authorized user's physical location. For example, a hospital clinician could electronically review, complete and sign the Electronic Medical Record or route the information to an associate for consultation, all from the privacy of the clinician's home or office. Any authorized user could access the information through a standard Web browser, via the Internet or a private network.

The benefits of the ASP centralized storage and distributed access to all the forms of healthcare information across the healthcare continuum are many and include:

- - simultaneous access to the entire medical record regardless of the site of care,
- - reduction of redundant diagnostic testing and more informed treatment decisions,
- - elimination of shadow or redundant record keeping in multiple patient medical record repositories,
- - increased security and decreased risk of loss or unauthorized disclosure of patient information,
- - reduced labor and storage costs associated with paper systems,
- - improved efficiency in chart completion, billings and collections,
- - more control over patient information, and
- - physicians and patients can easily share the information with others in the healthcare continuum.

The operational and financial benefits of the ASP delivery model include:

- - requires minimal capital investment,
- - offers immediate payback on services investment,
- - avoids technological obsolescence,
- - takes advantage of economies of scale as multiple users share centralized data center facilities, equipment and software infrastructure,
- - provides for increased security, redundancy and disaster recovery capabilities, and
- - allows increased flexibility in menu of services provided.

A substantial opportunity exists for LanVision, as an ASP, to fundamentally change the way a patient's healthcare information is processed and shared. The ASPs that are first to deliver both structured and unstructured data with ease and to provide secure access to all forms of healthcare information from standard Web browsers will have distinct competitive advantages in the rapidly growing Electronic Medical Record marketplace.

LANVISION PRODUCTS AND SERVICES

LanVision products and services are built using advanced document imaging/management and workflow automation technology to create robust Electronic Medical Record applications. Document imaging technology makes paper-based information, as well as medical images, sound and video information as readily available and easy to process as traditional electronic data. Workflow automation offers intelligent electronic routing of documents, sophisticated management tools and reporting to increase efficiency and to support business process re-engineering efforts.

LanVision's products and services were designed to be complementary with existing third-party Healthcare Information Systems (HIS) applications and ASP-based services, providing value-added functionality to these third-party applications, including the following:

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- - the ability to gain seamless electronic access to paper-based medical records, business office documents and medical images (unstructured data),
- - workflow-based automated chart deficiency analysis and completion,
- - workflow-based automated release of information and billing,
- - workflow-based remote coding and seamless integration to third-party encoder and abstracter software, and
- - archival support for a legal/historical repository of patient information.

LanVision has developed innovative application tool sets to "image and web-enable" existing HIS clinical and billing applications, thus allowing clients to have a common graphical user interface on a universal workstation. LanVision has also developed its own proprietary document imaging middleware (Foundation Suite) to efficiently provide the object-oriented business processes common to all of its applications, such as scanning/indexing, faxing/printing, data archiving migration, security and auditing. Through its application software, document imaging middleware, and its workflow, image and web-enabling tools, LanVision allows the seamless merging of its Medical Record and Patient Billing department "back office" functionality with existing clinical information systems at the desktop.

For maximum flexibility, the most current LanVision family of products and services is made up of five distinct offerings: The accessANYware Application Suite, codingANYware, The LanVision Application Bridge, The Foundation Suite, and ASPeN, our ASP-based Electronic Medical Record services.

THE ACCESSANYWARE APPLICATION SUITE...a Web browser-based application suite

accessANYware is LanVision's fifth-generation Web-based Electronic Medical Record application that provides authorized users with access to all the various forms of patient health information from a single point of entry. It allows authorized users to perform document searching, retrieval, viewing, processing, printing and faxing, as well as report generation ..all from a single login. COMPLETIONANYWARE is an integrated module of accessANYware that provides analysts and clinicians the ability to remotely analyze and complete deficient records. In addition to a single login, accessANYware delivers a single user interface and integrated database. Therefore, from a single login to the system, users with appropriate security have the ability to search and retrieve information regarding patients and cases (for chart analysis), view, print and fax patient documents, as well as analyze or complete deficient documents, via the completionANYware module. The functions presented to the user vary with the user's security. For example, if the user is a clinician, he/she is presented with an inbox function that displays a list of incomplete charts (awaiting completion) and a list of "linked" patients assigned to them. The clinician then has the option to complete deficient charts, or retrieve patient information, via searching or by clicking on the "linked" patients within their inbox. This access may occur from any workstation within the facility, the physician's office, or some other remote site. With proper security the user is able to view, print and fax patient information.

LanVision clients also have the option of further enhancing the productivity of their operations through the addition of the ENTERPRISEWIDE CORRESPONDENCE (EWC) module. EWC fulfills internal and external requests for information and allows for automatic invoicing capability. It also provides the ability to electronically search for, print, mail or fax information to third parties that request copies of patient records.

CODINGANYWARE...coding capabilities, anywhere, anytime

Due to an acute shortage of available coding personnel, there currently exists a great demand for solutions to attract and retain qualified coders and to make the coding process more efficient. In May 2002, LanVision will introduce codingANYware, which will provide workflow automation of the coding and abstracting process by allowing hospital personnel to electronically access documents to be coded and abstracted from remote locations, including the employee's home. codingANYware may also be integrated with third-party encoding or abstracting software, avoiding redundant data entry.

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16. THE LANVISION APPLICATION BRIDGE (LVAB)...an image-enabling tool

LVAB supports powerful image-enabling and workflow technology that allows healthcare users to immediately and simultaneously access any patient information, including multimedia and paper-based information, through their existing third-party clinical or billing applications. As a result, any application across the entire enterprise can be image-enabled, including the host Healthcare Information Systems, Patient Billing Systems, Clinical Data Repositories and others. When the Clinical Data Repository is image-enabled, users can access any piece of information on the same workstation and from the same screen display, including the point of patient care. This means users can view traditional electronic data and images simultaneously on the same screen without signing in and out of multiple applications.

THE FOUNDATION SUITE...the document imaging/management infrastructure middleware

The Foundation Suite is robust middleware architecture for document imaging/management infrastructure, built for maximum performance in high document volume settings and optimized for the healthcare industry. The features resident in the Foundation Suite were built around patient-oriented objects that result in more efficient code and rapid delivery to market of new applications. The Foundation Suite is designed in a reusable object-oriented environment, utilizing a 32-bit Windows NT-based architecture, that provides the following essential document imaging/management functions: security, auditing, data access, printing/faxing, scheduling, data archiving migration and full problem diagnosis. The Foundation Suite offers the following unique enhanced security and auditing functions that facilitate HIPAA Compliance and are essential to integrated delivery networks in a multi-entity environment:

- - multiple levels of security (administrative, user, patient, document, workstation, physical location, and healthcare entity) configurable by user, workstation and location, and
- - full audit trails and reporting of every record viewed, printed, faxed, processed or unauthorized login attempts at the patient encounter or document level.

ASPeN...Application Service Provider eHealth Network

LanVision's ASPeN, ASP-based Electronic Medical Record and Business Office Services, offers healthcare providers an even more cost-effective solution to manage patient information. Through its use of Internet/Intranet technology, ASPeN helps hospitals and integrated delivery networks overcome the barriers of high capital and start-up costs as well as the technological burdens of implementing a document imaging/management and workflow system. ASPeN delivers Electronic Medical Record and Business Office Services to its healthcare customers on an outsourced basis from a central data center. Hospitals and integrated delivery systems can therefore take advantage of a private Intranet or the World-Wide-Web, the lowest cost network infrastructure, for truly enterprise-wide, secure access to healthcare information.

Selected Financial Data

OPERATING STATEMENT DATA:	Fiscal Year(1)				
	2001	2000	1999	1998	1997
	----	----	----	----	----
	(In thousands, except per share data)				
Total revenues	\$ 10,939	\$ 9,576	\$ 10,471	\$ 12,010	\$ 8,676
Total operating expenses	8,920	9,509	13,054	22,470	22,493
Operating profit (loss)	2,019	67	(2,583)	(10,460)	(13,818)
Net earnings (loss)	210	21	(3,247)	(10,926)	(12,669)
Basic and diluted net earnings (loss) per share of common stock	\$.02	\$.00	\$ (.37)	\$ (1.24)	\$ (1.44)
Shares used in computing basic per share data	8,890	8,863	8,827	8,811	8,827
Shares used in computing diluted per share data	9,074	8,905	8,827	8,811	8,827

BALANCE SHEET DATA:	Fiscal Year(1)				
	2001	2000	1999	1998	1997
	----	----	----	----	----
	(In thousands)				
Cash, cash equivalents and investment securities	\$ 7,865	\$ 8,550	\$ 5,412	\$ 5,445	\$ 11,052
Working capital	6,011	7,168	6,149	7,290	7,141
Total assets	13,509	14,358	14,719	17,485	22,200
Long-term debt, including current portion	5,000	6,000	6,000	6,000	-
Convertible redeemable preferred stock	-	-	-	-	-
Total stockholders' equity	2,906	2,655	2,613	5,847	16,816

(1) All references to a fiscal year refer to the fiscal year commencing February 1 of that calendar year and ending January 31 of the following year.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS

In addition to historical information, this Annual Report of LanVision Systems, Inc. contains certain forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Such factors include, without limitation, the risks and uncertainties discussed herein and as part of LanVision's Annual Report on Form 10-K filed with the Securities and Exchange Commission. LanVision's future development efforts involve a high degree of risk, and LanVision cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

LanVision 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 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 (SMS), 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.

Critical Accounting Policies and Estimates (See also Noted to Financial Statements.)

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 on-going basis, LanVision evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, warranty obligations, support contracts and 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.

LanVision believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition

LanVision records revenues for customer contracts, including special payment agreements and royalties from third-party resellers in accordance with Statement of Position 97-2, Software Revenue Recognition. Generally, revenue from software license fees and hardware sales to end-users is recognized when a master agreement is signed and products are made available to end-users. Revenue related to routine installation and integration and project management is deferred until the work is performed. If a contract requires LanVision to perform services and modifications that are

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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. LanVision follows this method since reasonably dependable estimates of the revenue and costs applicable to various stages of a contract can be made. Recognized revenues and profit are subject to revisions as the contract progresses to completion. Revisions in profit estimates are charged or credited to income in the period in which the facts that give rise to the revision become known. Revenue from consulting, education and application-hosting services is recognized as the services are performed. Revenue from short-term support and maintenance agreements is recognized ratably over the term of the agreements. Billings to customers recorded prior to the recognition of revenue are classified as deferred revenues. Revenue recognized prior to progress billings to customers is recorded as unbilled receivables.

Under the terms of a remarketing agreement with Siemens Medical Solutions Health Services Corporation (SMS), royalties are remitted by SMS to LanVision based upon SMS sublicensing LanVision's software to SMS's customers. Twenty-five percent of the royalty is due 30 days following the end of the quarter in which SMS executes the end-user license agreement with its customer. LanVision recognizes this revenue upon receipt of the royalty report. The remaining seventy-five percent of the royalty is due from SMS when software implementation activities commence. LanVision records this revenue when the seventy-five percent payment due from SMS is fixed and determinable, which is generally when software implementation activities commence.

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, and no revenues have been recorded to date.

Bad Debts

LanVision maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of LanVision's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. 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 and extended payment of receivables is not uncommon.

Capitalized Software Development Costs

LanVision reviews, on an on-going basis, the carrying value of its capitalized software development costs, net of accumulated amortization. LanVision believes that the stated value of \$1,189,701 at January 31, 2002, is a conservative estimate of its true value. Over the last three years, LanVision has spent \$6,442,381 in Research and Development, of which \$1,220,000, or 19%, has been capitalized. Amortization of capitalized software during the last three years has amounted to \$780,000, or a net increase in capitalized software of only \$440,000. Many of the

programs related to capitalized software development continue to have great value to LanVision's current products and those under development as the concepts and ideas are readily transferable and are incorporated into new products.

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Warranties

LanVision provides for the estimated cost of product warranties at the time revenue is recognized. Should products fail to meet certain performance standards as warranted, 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.

Debt Covenants

The long-term debt of \$5,000,000 is secured by all of the assets of LanVision and the loan agreement, as amended, restricts LanVision from incurring additional indebtedness for borrowed money, including capitalized leases, limits certain investments, restricts substantial asset sales, capital expenditures, cash dividends, stock repurchases, and mergers and consolidations with unaffiliated entities without lender consent. In addition, LanVision is required to meet certain financial covenants, including minimum levels of revenues, earnings, and net worth. Also, the loan agreement requires LanVision to maintain a minimum cash balance of \$4,800,000. LanVision was in compliance with all of the covenants during fiscal 2001. LanVision believes that it will be able to comply with all of its covenants in fiscal 2002, and the likelihood of defaulting on the debt covenants is not likely absent any material adverse events that may affect the healthcare industry or our market. In the past LanVision has requested, and the lender has granted, waivers of certain debt covenants. However, our expectations of future operating results and continued compliance with the debt covenants cannot be assured and the lenders' actions are not controllable by us. If our projections of future operating results are not achieved and the debt is placed in default, LanVision would experience a material adverse impact on the reported financial position and results of operations.

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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 centralized data center and installed LanVision's Electronic Medical Record suite, called ASPeN (Application Service Provider eHealth Network) within the data center. Under this arrangement, customers electronically capture information and transmit the data to the centralized 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 centralized 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 data center to provide ASP services to LanVision's current and future customers. Although LanVision sold the data center assets, LanVision continues to market its ASP solutions, which include an agreement with SmartHealth Services, Inc. LanVision continues to provide its ASP solutions through the data center and intends to utilize other data center service providers.

In August 2000, LanVision entered into an agreement with SmartHealth Services, Inc. (SmartHealth), which allows SmartHealth to utilize

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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.

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

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 accessANYware, codingANYware when it becomes available, and ASPeN services to IDX customers and prospective customers, as defined in the Agreement. No revenues from IDX have been recorded to date.

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.

RESULTS OF OPERATIONS

The following table sets forth, for each fiscal year indicated, certain operating data as percentages:

CONSOLIDATED STATEMENTS OF OPERATIONS(1)

	Fiscal Year(2)		
	2001	2000	1999
Systems sales	39.2%	33.0%	33.5%
Services, maintenance and support	53.7	58.7	63.0
Application-hosting services	7.1	8.3	3.5
Total revenues	100.0	100.0	100.0
Cost of sales	38.9	48.5	60.3
Selling, general and administrative	30.0	33.3	43.7
Product research and development	12.6	17.5	20.7
Total operating expenses	81.5	99.3	124.7
Operating profit (loss)	18.5	0.7	(24.7)
Other income (expense), net	(16.6)	(0.5)	(6.3)
Net earnings (loss)	1.9%	0.2%	(31.0)%
Cost of systems sales	15.5%	30.6%	22.5%
Cost of services, maintenance and support	55.3%	59.0%	60.7%
Cost of application-hosting services	44.2%	45.5%	411.2%

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

(2) All references to a fiscal year refer to the fiscal year commencing on February 1 of that calendar year and ending on January 31 of the following year.

COMPARISON OF FISCAL YEAR 2001 WITH 2000

REVENUES. Total revenues for fiscal year 2001 were \$10,938,846 compared with revenues of \$9,575,637 in fiscal 2000, an increase of \$1,363,209 or 14%. Revenues from systems sales in fiscal 2001 were \$4,291,921, an increase of \$1,133,038 or 36% of systems sales in fiscal 2000. LanVision's remarketing partner Siemens Medical Solutions Health Services Corporation (SMS) sold eight new systems to hospitals in addition to the 13 sold in the prior three years. Approximately, 75% of fiscal 2001 revenues came from fulfillment of backlog and add-on business, primarily expansion and upgrades of systems for LanVision's existing clients, and 25% came from SMS, compared with 85% and 15%, respectively in fiscal 2000. Systems sales from SMS were \$2,347,384 in fiscal 2001

compared with \$949,861 in fiscal 2000. Revenues from services, maintenance and support in fiscal 2001 were \$5,874,483, an increase of \$247,767 or 4% over fiscal 2000. The increase results from higher maintenance revenues of approximately \$354,000, offset by approximately \$106,000 in lower professional services revenues. Maintenance revenues in fiscal 2001 were \$4,032,233, an increase of \$354,136, or 9.6% over maintenance revenues in fiscal 2000. The increase in maintenance revenues in fiscal 2001 is primarily due to new installations by our remarketing partner, and expansion of existing LanVision client systems. Professional services revenues in fiscal 2001 were \$1,842,250, a decrease of \$106,369, or 5% of the professional services revenues in fiscal 2000. The decrease was caused by lower utilization of existing staff in 2001. Revenues from application-hosting services decreased \$17,596,

or 2%. The decrease was due to a temporary short-term decline in the volume of usage by our largest application-hosting client. Application-hosting services revenues are usage based and fluctuations in admissions, length of stay, return patient visits, etc. affect the system usage and the corresponding application-hosting services revenues. In fiscal 2001, three customers accounted for 25% of the total revenues compared with 30% in fiscal 2000, exclusive of our remarketing partner SMS.

Revenues for fiscal 2001 and 2000 were less than LanVision's plan for each year. The shortfall in revenues occurred for various reasons, including: significantly lower spending on information technology by healthcare institutions as many institutions delayed implementation for new Electronic Medical Record (EMR) systems until final Federal Health Privacy Regulations to comply with HIPAA are issued. Buying decisions at certain hospitals and integrated healthcare delivery networks are influenced by recommendations of the largest Healthcare Information Systems (HIS) vendors, including: Siemens Medical Solutions Health Services Corporation, McKesson HBCO, Inc., Cerner Corporation, IDX Information Systems Corporation and Eclipsys Corporation. It continues to be difficult for companies with relatively small sales forces to influence the buying decisions as effectively as the major HIS vendors which is why LanVision has transitioned its distribution model from a direct selling organization to indirect distribution, primarily through remarketers, such as SMS and IDX, and the ASP application-hosting services based delivery model.

A Remarketing Agreement with SMS was signed in 1998, and throughout fiscal 1998, 1999 and 2000, LanVision and SMS integrated the LanVision product line with the SMS NOVIUS product. The final integration and testing of the products was completed in late 2000. During 1998, 1999 and most of 2000, SMS remarketed LanVision's products on a limited basis through their specialized document imaging sales force. SMS successfully closed four new agreements for LanVision's products in 1998, four in 1999, five in 2000 and eight new agreements in 2001 after the completion of the product integration in 2000. The twenty-one agreements represent approximately \$6,475,000 in software royalties to LanVision. Approximately \$2,345,461 and \$912,808 of software royalties were recognized in 2001 and 2000, respectively, and approximately \$1,382,000 of software royalties has not yet been recognized until SMS commences software implementation. LanVision believes a greater percentage of its future revenues will come from remarketing agreements with SMS, IDX, 3M and other HIS vendors. LanVision continues to actively pursue remarketing agreements with other companies.

LanVision believes the large HIS vendors, hospitals and integrated healthcare delivery networks now have a better understanding of the valuable role the EMR plays in providing a truly Computerized Patient Record (CPR). As more companies demonstrate the significant economic and operating benefits of the EMR and other imaging/management and workflow applications, LanVision believes the future demand for its products and services will increase.

Many new companies, such as WebMD Corporation and MedicaLogic/Medscape, Inc. have emerged to provide healthcare applications through private Intranets or secure applications on the Internet. Additionally, the traditional HIS companies have developed clinical information systems for the Internet. LanVision's applications are well suited for integration with such clinical systems and are optimized for use on the Internet and private Intranets. Through its ASP Division, application-hosting customers can rapidly deploy and access healthcare information using Web browser-based technology from a central data center on a per transaction or subscription basis thereby minimizing up-front capital expenditures. LanVision believes healthcare organizations will continue to increase their use of healthcare applications through the Internet, and LanVision's products are an integral part of providing a complete CPR across the Internet. LanVision continues to actively pursue strategic relationships with other healthcare Application Service Providers.

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Management believes that revenue growth in 2002 will be fueled by: a significant increase in incremental revenue from existing and new strategic distribution partners, an increase in interest by healthcare organizations in LanVision products and services to assist in compliance with the new Federal HIPAA (Health Insurance Portability and Accountability Act of 1996) standards as they relate to the confidentiality and security of Medical Records, and incremental new revenues derived from a new and exciting line of business for LanVision in the remote coding marketplace. Due to an acute shortage of available coding personnel, there currently exists a great demand for solutions to attract and retain qualified

coders and to make the coding process more efficient. In May 2002, LanVision will introduce codingANYware, a new product which will provide workflow automation of the coding and abstracting process.

COST OF SALES. Cost of sales consists of cost of systems sales, cost of services, maintenance and support and cost of application-hosting services. Cost of systems sales includes amortization of capitalized software costs, royalties and cost of third-party hardware and software. Cost of systems sales, as a percentage of systems sales, varies from period-to-period depending on hardware and software configurations of the systems sold. The cost of systems sales as a percentage of revenues in fiscal 2001 and 2000 were 16% and 31%, respectively. The lower costs in 2001 reflect a higher volume of LanVision software components, with higher margins and significantly lower hardware and third-party software components, which have lower margins. Cost of services, maintenance and support includes salaries and benefits for support and professional services personnel and the cost of third-party maintenance contracts. Cost of services, maintenance and support as a percentage of services, maintenance and support revenues in 2001 and 2000 were 55% and 59%, respectively. The cost of application-hosting services represents primarily processing fees paid to a third-party data center provider. The cost of the application-hosting services varies in proportion to the revenues recognized by LanVision.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expenses consist primarily of personnel and related costs, travel and living expenses, trade shows, etc. for selling and marketing activities and general corporate and administrative activities. In fiscal 2001, selling, general and administrative expenses were \$3,285,247 compared with \$3,187,209 in fiscal 2000. The \$98,038 increase in fiscal 2001 is primarily attributed to normal increases, including the cost of living and other nominal price increases, offset by continued cost containment policies.

PRODUCT RESEARCH AND DEVELOPMENT. Product research and development expenses in fiscal 2001 were \$1,381,557 compared with \$1,674,383 in fiscal 2000. The decrease reflects increased capitalized software development costs, and reductions in outside programmers, depreciation and miscellaneous other expenses. During 2001, LanVision concentrated its development efforts primarily on its new products - accessANYware and codingANYware. LanVision capitalized \$500,000 in product research and development costs in fiscal 2001, compared with \$420,000 in 2000.

OTHER INCOME (EXPENSE). Interest income consists primarily of interest on cash and cash equivalents. The decrease results from lower average cash balances in fiscal 2001 compared with fiscal 2000 and significantly lower interest rates. Interest expense in 2001 and 2000 is related to the long-term debt and, additional interest on the unpaid long-term accrued interest payable to the lender.

PROVISION FOR INCOME TAXES. LanVision is in a tax loss carryforward position, and is unable to recognize a tax benefit for losses because utilization of a tax benefit for such losses is not assured. The tax loss carryforward approximates \$29,000,000. The income tax provision in fiscal year 2001, relates to the Alternative Minimum Tax provision, as all income cannot be offset against the tax loss carryforward.

NET EARNINGS. Net earnings in fiscal year 2001 were \$210,360 compared with net earnings of \$20,893 in fiscal 2000. The fiscal 2000 earnings of \$20,893 include a \$1,381,419 gain on the sale of the data center. Excluding the gain on the data center, the fiscal year 2000 net loss would have been \$1,360,526 compared with the current year net earnings of \$210,360 or a \$1,570,886 improvement on overall operations. The \$1,570,886 improvement, results primarily from a \$1,652,375 increase in LanVision software revenue in fiscal 2001.

Since commencing operations in 1989, LanVision has incurred substantial operating losses. Although LanVision achieved profitability in fiscal years 2001, 2000 and 1993, 1992, LanVision incurred a net loss in fiscal years 1994 through 1999. Based upon

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the expenses associated with current and planned staffing levels, continued profitability is dependent upon increasing revenues. There can be no assurance that LanVision will be able to achieve consistent profitability on a quarterly or

annual basis nor be able to sustain or increase its revenue growth in future periods and believes historical operating results may not be indicative of the future performance of LanVision in the near or long-term.

BACKLOG. At January 31, 2002, 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 ASP Division), which have not been delivered, installed and accepted which, if fully performed, would generate future revenues of approximately \$4,417,000. The related products and services are expected to be delivered over the next two to three years. In addition, customers contract for maintenance and support services on a monthly, quarterly or annual basis. In 2001, maintenance and support revenues approximated \$4,032,000 and are expected to increase in fiscal 2002. Furthermore, the ASP Division has entered into application-hosting agreements, which are expected to generate revenues in excess of \$840,000, over the remaining life of the agreements.

COMPARISON OF FISCAL YEAR 2000 WITH 1999

REVENUES. Total revenues for fiscal year 2000 were \$9,575,637 compared with revenues of \$10,471,143 in fiscal year 1999, a decrease of \$895,506 or 9%. Revenues from systems sales in fiscal 2000 were \$3,158,883, a decrease of \$351,215 or 10% of systems sales in fiscal 1999. In fiscal 2000, LanVision had no new direct sales customers as most hospitals deferred implementation of new Electronic Medical Record (EMR) systems until the final Federal Health Privacy Regulations are promulgated, to comply with the requirements of HIPAA. However, LanVision's remarketing partner Siemens Medical Solutions Health Services Corporation (SMS) sold five new systems to hospitals in addition to the eight sold in the prior two years. Approximately, 85% of fiscal 2000 revenues came from fulfillment of backlog and add-on business, primarily expansion and upgrades of systems for LanVision's existing clients, and 15% came from the Remarketing Agreement, compared with 82% and 18%, respectively in fiscal 1999. Systems sales from SMS were \$949,861 in fiscal 2000 compared with \$1,144,935 in fiscal 1999. Revenues from services, maintenance and support in fiscal 2000 were \$5,626,716, a decrease of \$965,550 or 15% in fiscal 1999. The decrease results primarily from lower project management revenues for professional services and system interfaces, as LanVision installed no new systems in fiscal 2000. Maintenance revenues in fiscal 2000 were \$3,678,097, an increase of \$413,782, or 13% over maintenance revenues in fiscal 1999. The increase in maintenance revenues in fiscal 2000 is primarily due to new installations by our remarketing partner, and expansion of existing LanVision client systems. Professional services revenues in fiscal 2000 were \$1,948,619, a decrease of \$1,379,332, or 41% of professional services revenues in fiscal 1999. The decrease is directly related to the lack of implementation of new systems in fiscal 2000, compared with fiscal 1999 when new versions of software were installed to achieve Year 2000 compliance. Revenues for application-hosting services increased \$421,259, due to the conversion of one of our existing customers from a software licensee to an ASP Division customer using our application-hosting services. In fiscal 2000, three customers accounted for 30% of the total revenues compared with 29% in fiscal 1999, exclusive of our remarketing partners.

Revenues for fiscal 2000 and 1999 were less than LanVision's plan for each year. The shortfall in revenues occurred for various reasons, including: significantly lower spending on information technology by healthcare institutions on new systems as hospitals spent significant amounts in 1998 and 1999 on remediation of existing systems to ensure compliance with Year 2000 issues, and many institutions delayed implementation in 2000 for new EMR systems until final Federal Health Privacy Regulations to comply with HIPAA were issued.

A Remarketing Agreement with SMS was signed in 1998, and throughout fiscal 1998, 1999 and 2000, LanVision and SMS integrated the LanVision product line with the SMS NOVIUS product. The final integration and testing of the products was completed in late 2000. During 1998, 1999 and most of 2000, SMS remarketed LanVision's products on a limited basis through their specialized document imaging sales force. SMS successfully closed four new agreements for LanVision's products in 1998 and four in 1999, and five new agreements in 2000. The thirteen agreements represent approximately \$4,319,332 in software royalties

to LanVision. Approximately \$912,808 and \$1,142,420 of software royalties were recognized in 2000 and 1999, respectively, and approximately \$1,572,295 of software royalties had not been recognized, as of January 31, 2001, until SMS commenced software implementation.

COST OF SALES. Cost of sales consists of cost of systems sales, cost of services, maintenance and support and cost of application-hosting services. Cost of systems sales includes amortization of capitalized software costs, royalties and cost of third-party hardware and software. Cost of systems sales, as a percentage of systems sales, varies from period-to-period depending on hardware and software configurations of the systems sold. The cost of systems sales as a percentage of revenues in fiscal 2000 and 1999 were 31% and 23%, respectively. The higher costs in 2000 reflect lower margins on hardware and third-party software components. Cost of services, maintenance and support includes salaries and benefits for support and professional services personnel and the cost of third-party maintenance contracts. Cost of services, maintenance and support as a percentage of services, maintenance and support revenues in 2000 and 1999 were 59% and 61%, respectively. The cost of application-hosting services in 2000 represents primarily processing fees paid, under the service agreement, to the buyer of the data center. In 1999, the cost of application-hosting services represented the depreciation of equipment and the personnel and other operating costs necessary to operate the central data center. The decrease in the cost in 2000 is due entirely as a result of the sale of the data center and LanVision's utilization of only a portion of the central data center in exchange for processing fees paid to the buyer.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expenses consist primarily of personnel and related costs, travel and living expenses, trade shows, etc. for selling and marketing activities and general corporate and administrative activities. In fiscal 2000, selling, general and administrative expenses were \$3,187,209 compared with \$4,577,853 in fiscal 1999. The decrease in fiscal 2000 is primarily attributed to: a further reduction in staff as LanVision converted from a direct sales force to primarily an indirect sales model through remarketing partners and others; and a reduction in corporate expenses, primarily professional fees, property taxes and increases in reserves which were not necessary in fiscal 2000.

PRODUCT RESEARCH AND DEVELOPMENT. Product research and development expenses in fiscal 2000 were \$1,674,383 compared with \$2,166,441 in fiscal 1999. The decrease reflects increased capitalized software development costs, and reductions in rent, depreciation and miscellaneous other expenses. During 2000, LanVision concentrated its development efforts to produce its new product, accessANYware. LanVision capitalized \$420,000 in product research and development costs in fiscal 2000, compared with \$300,000 in 1999.

OTHER INCOME (EXPENSE). Interest income consists primarily of interest on cash and cash equivalents. The increase results from higher average cash balances in fiscal 2000 compared with fiscal 1999. Other, net results from the gain on the sale of the data center in February 2000. Interest expense in 2000 and 1999 is related to the \$6,000,000 in outstanding debt and, in 2000, additional interest on the unpaid long-term accrued interest payable to the lender.

PROVISION FOR INCOME TAXES. LanVision is in a tax loss carryforward position, and is unable to recognize a tax benefit for losses because utilization of a tax benefit for such losses is not assured.

NET EARNINGS. Net earnings in fiscal year 2000 were \$20,893 compared with a net loss of \$3,247,073 in fiscal 1999. The \$3,267,966 change, results primarily from a \$2,649,587 reduction of the fiscal 1999 operating loss and an increase in Other, net of \$542,565 in fiscal 2000.

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 \$172,656, 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 SMS 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 SMS. 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 Data Center for \$2,900,000. LanVision received \$2,000,000 and the remaining \$900,000 was received in twelve monthly installments commencing March 1, 2000. The sale resulted in a gain of approximately \$1,400,000.

At January 31, 2002, LanVision had cash and cash equivalents of \$7,865,053. 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, LanVision will, for the foreseeable future, 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 affect 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 January 31, 2002.

REPORT OF MANAGEMENT

LanVision Systems, Inc. is responsible for the preparation, integrity and fair presentation of its published financial statements. The accompanying Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and, as such, include amounts based on judgments and estimates made by management. Management also prepared the other information included in this Annual Report and is responsible for its accuracy and consistency with the Consolidated Financial Statements.

The Consolidated Financial Statements have been audited by the independent accounting firm, Ernst & Young LLP, which was given unrestricted access to all financial records and related data, including minutes of all meetings of stockholders, the Board of Directors and committees of the Board. The Company believes that all representations made to the independent auditors during their audit were accurate and appropriate. Based on their audit of the Consolidated Financial Statements, Ernst & Young LLP have issued their audit report, which appears below.

In meeting its responsibility for the integrity of the Consolidated Financial Statements, management relies on a system of internal controls. This system is designed to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. The Company continuously assesses the effectiveness of the internal controls and makes improvements thereto as necessary.

/s/ J. Brian Patsy

/s/ Paul W. Bridge, Jr.

J. Brian Patsy
Chairman of the Board and
Chief Executive Officer

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

REPORT OF INDEPENDENT AUDITORS

Board of Directors
LanVision Systems, Inc.

We have audited the consolidated balance sheets of LanVision Systems, Inc. as of January 31, 2002 and 2001, and the related consolidated statements of operations, changes in convertible redeemable preferred stock and stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of LanVision Systems, Inc. at January 31, 2002 and 2001 and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2002 in conformity with accounting principles generally accepted in the United States.

Cincinnati, Ohio
March 8, 2002

/s/ Ernst & Young LLP

CONSOLIDATED BALANCE SHEETS

ASSETS	Fiscal Year	
	2001	2000
	----	----
Current assets:		
Cash and cash equivalents (restricted by the long-term debt agreement)	\$ 7,865,053	\$ 8,549,732
Note receivable	--	75,000
Accounts receivable, net of allowance for doubtful accounts of \$400,000, respectively	1,451,027	2,080,154
Unbilled receivables	1,742,785	1,356,413
Other	315,043	367,289
	-----	-----
Total current assets	11,373,908	12,428,588
Property and equipment:		
Computer equipment	1,875,590	2,715,246
Computer software	421,962	501,077
Office furniture, fixtures and equipment	1,139,457	1,233,175
Leasehold improvements	117,795	114,965
	-----	-----
	3,554,804	4,564,463
Accumulated depreciation and amortization	(3,048,793)	(3,857,871)
	-----	-----
	506,011	706,592
Capitalized software development costs, net of accumulated amortization of \$1,700,228 and \$1,400,228, respectively	1,189,701	989,701
Installment receivables	267,969	--
Other	171,516	233,235
	-----	-----
	\$ 13,509,105	\$ 14,358,116
	=====	=====
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 230,571	\$ 464,615
Accrued compensation	235,958	306,180
Accrued other expenses	1,525,096	1,733,631
Deferred revenues	1,371,200	1,755,938
Current portion of long-term debt	2,000,000	1,000,000
	-----	-----
Total current liabilities	5,362,825	5,260,364
Long-term debt	3,000,000	5,000,000
Long-term accrued interest	2,239,798	1,442,285
Convertible redeemable preferred stock, \$.01 par value per share, authorized, 8,500 shares issued and outstanding (see above)		
5,000,000 shares authorized	--	--
Stockholders' equity:		
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 4,488,000 shares issued and outstanding at year end of fiscal 1995 and 1996		
authorized, 8,913,947 and 8,896,500 shares issued, respectively	89,139	88,965
Capital in excess of par value	34,787,849	34,829,406
Treasury stock, at cost, 17,259 shares	--	(82,038)
Accumulated (deficit)	(31,970,506)	(32,180,866)
	-----	-----
Total stockholders' equity	2,906,482	2,655,467
	-----	-----
	\$ 13,509,105	\$ 14,358,116
	=====	=====

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
	2001	2000	1999
REVENUES:			
Systems sales	\$ 4,291,921	\$ 3,158,883	\$ 3,510,098
Services, maintenance and support	5,874,483	5,626,716	6,592,266
Application-hosting services	772,442	790,038	368,779
Total revenues	10,938,846	9,575,637	10,471,143
OPERATING EXPENSES:			
Cost of systems sales	663,977	966,819	792,556
Cost of services, maintenance and support	3,247,415	3,321,484	4,000,808
Cost of application-hosting services	341,616	359,152	1,516,482
Selling, general and administrative	3,285,247	3,187,209	4,577,853
Product research and development	1,381,557	1,674,383	2,166,441
Total operating expenses	8,919,812	9,509,047	13,054,140
Operating profit (loss)	2,019,034	66,590	(2,582,997)
Other income (expense):			
Interest income	270,955	480,496	177,449
Other, net	--	1,381,419	838,854
Interest expense	(2,066,629)	(1,907,612)	(1,680,379)
Earnings (loss) before income taxes	223,360	20,893	(3,247,073)
Income tax provision	(13,000)	--	--
Net earnings (loss)	\$ 210,360	\$ 20,893	\$ (3,247,073)
Basic net earnings (loss) per common share	\$.02	\$.00	\$ (.37)
Number of shares used in basic per common share computation	8,889,586	8,862,974	8,827,055
Diluted net earnings (loss) per common share	\$.02	\$.00	\$ (.37)
Number of shares used in diluted per common share computation	9,073,720	8,905,074	8,827,055

CONSOLIDATED STATEMENTS OF CHANGES IN CONVERTIBLE REDEEMABLE
PREFERRED STOCK AND STOCKHOLDERS' EQUITY

	Convertible redeemable preferred stock	Common stock	Capital in excess of par value	Treasury Stock	Accumulated (deficit)	Total stockholders' equity
Balances at January 31, 1999	\$ -	\$ 88,965	\$ 35,102,459	\$ (389,692)	\$ (28,954,686)	\$ 5,847,046
Sale of treasury stock and exercise of stock options	-	-	(98,528)	111,771	-	13,243
Net (loss)	-	-	-	-	(3,247,073)	(3,247,073)
Balances at January 31, 2000	-	88,965	35,003,931	(277,921)	(32,201,759)	2,613,216
Sale of treasury stock and exercise of stock options	-	-	(174,525)	195,883	-	21,358
Net earnings	-	-	-	-	20,893	20,893
Balances at January 31, 2001	-	88,965	34,829,406	(82,038)	(32,180,866)	2,655,467
Sale of treasury stock and exercise of stock options	-	174	(41,557)	82,038	-	40,655
Net earnings	-	-	-	-	210,360	210,360
Balances at January 31, 2002	\$ -	\$ 89,139	\$ 34,787,849	\$ -	\$ (31,970,506)	\$ 2,906,482

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
	2001	2000	1999
Operating activities:			
Net earnings (loss)	\$ 210,360	\$ 20,893	\$(3,247,073)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Gain on the sale of property and equipment	--	(1,381,419)	--
Depreciation and amortization	685,634	842,530	1,684,138
Increase in long-term accrued interest	797,513	110,996	900,122
Cash provided by (used for) assets and liabilities:			
Accounts and unbilled receivables	(25,214)	1,638,700	946,172
Other assets	52,246	68,846	593,680
Accounts payable	(234,044)	(202,032)	338,382
Accrued expenses	(278,757)	(576,315)	(1,032,685)
Deferred revenues	(384,738)	264,534	407,567
Net cash provided by operating activities	823,000	786,733	590,303
Investing activities:			
Proceeds from sale of property and equipment	52,710	2,000,000	--
Payment on \$900,000 note receivable from sale of property and equipment	75,000	825,000	--
Purchases of property and equipment	(237,763)	(135,128)	(153,235)
Capitalization of software development costs	(500,000)	(420,000)	(300,000)
Other	61,719	59,849	(183,889)
Net cash (used for) provided by investing activities	(548,334)	2,329,721	(637,124)
Financing activities:			
Repayment of long-term debt	(1,000,000)	--	--
Sale of treasury stock and exercise of stock options	40,655	21,358	13,243
Net cash (used for) provided by financing activities	(959,345)	21,358	13,243
Increase (decrease) in cash and cash equivalents	(684,679)	3,137,812	(33,578)
Cash and cash equivalents at beginning of year	8,549,732	5,411,920	5,445,498
Cash and cash equivalents at end of year	\$ 7,865,053	\$ 8,549,732	\$ 5,411,920
Supplemental cash flow disclosures:			
Interest paid	\$ 1,152,667	\$ 1,732,000	\$ 730,000
Income taxes paid	\$ 5,000	\$ --	\$ --

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LanVision Systems, Inc. (the "Company") operates in one segment as a provider of Healthcare Information Access Systems through the licensing of its Electronic Medical Record software applications and the use of such applications through its application-hosting services as an Application Service Provider. LanVision's products enable hospitals and integrated healthcare delivery systems in the United States to capture, store, manage, route, retrieve and process vast amounts of patient clinical and financial information.

FISCAL YEAR

All references to a fiscal year refer to the fiscal year commencing February 1 in that calendar year and ending on January 31 of the following year.

CONSOLIDATION

The consolidated financial statements include the accounts of LanVision Systems, Inc. and its subsidiary, LanVision, Inc. All significant intercompany transactions are eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue is derived from: the licensing and sale of systems comprising internally developed software, third-party software and hardware components; product support, maintenance and professional services; and application-hosting services that provide high quality, transaction or subscription based document imaging/management services from a central data center. LanVision's revenue recognition policies conform to Statement of Position 97-2, Software Revenue Recognition. Generally, revenue from software license fees and hardware sales to end-users is recognized when a master agreement is signed and products are made available to end-users. Revenue related to routine installation and integration and project management is deferred until the work is performed. If a contract requires LanVision 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. Revenue from consulting, education and application-hosting services is recognized as the services are performed. Revenue from short-term support and maintenance agreements is recognized ratably over the term of the agreements. Billings to customers recorded prior to the recognition of revenue are classified as deferred revenues. Revenue recognized prior to progress billings to customers is recorded as unbilled receivables.

Under the terms of a remarketing agreement with Siemens Medical Solutions Health Services Corporation (SMS), royalties are remitted by SMS to LanVision based upon SMS sublicensing LanVision's software to SMS's customers. Twenty-five percent of the royalty is due 30 days following the end of the quarter in which SMS executes the end-user license agreement with its customer. LanVision recognizes this revenue upon receipt of the

royalty report. The remaining seventy-five percent of the royalty is due from SMS when software implementation activities commence. LanVision records this revenue when the seventy-five percent payment due from SMS is fixed and determinable, which is generally when software implementation activities commence.

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

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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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits, short-term commercial paper and overnight repurchase agreements. The long-term debt agreement (See Note 3.) requires LanVision to maintain a minimum cash balance of \$4,800,000.

CONCENTRATIONS

Financial instruments, which potentially expose LanVision to concentrations of credit risk, as defined by Statement of Financial Accounting Standards No. 105, Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk, consist primarily of accounts receivable. LanVision's accounts receivable are concentrated in the healthcare industry. However, 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 and extended payment of receivables is not uncommon.

To date, LanVision has relied on a limited number of customers and remarketing partners for a substantial portion of its total revenues. LanVision expects that a significant portion of its future revenues will continue to be generated by a limited number of customers and its remarketing partners. The failure to obtain new customers or expand sales through remarketing partners, the loss of existing customers or reduction in revenues from existing customers could materially and adversely affect LanVision's operating results (See Note 6.).

LanVision currently buys all of its hardware and some major software components of its Healthcare Information Access Systems from third-party vendors. Although there are a limited number of vendors capable of supplying these components, management believes that other suppliers could provide similar components on comparable terms. A change in suppliers, however, could cause a delay in system implementations and a possible loss of revenues, which could adversely affect operating results.

OTHER CURRENT ASSETS

Other current assets are primarily: prepaid insurance, commissions, maintenance, deposits and prepaid expenses related to future revenues.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line, half-year convention method, over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Computer equipment and software	3-4 years
Office equipment	5 years
Office furniture and fixtures	7 years
Leasehold improvements	Life of lease

Depreciation expense for 2001, 2000 and 1999 was \$385,634, \$542,530 and \$1,504,138, respectively.

CAPITALIZED SOFTWARE DEVELOPMENT COSTS

Software development costs are accounted for in accordance with Statement of Financial Accounting Standards No. 86, Accounting for the Costs of Software to be Sold, Leased or Otherwise Marketed. Costs associated with the planning and designing phase of software development, including coding and testing activities necessary to establish technological feasibility are classified as product research and development and are expensed as incurred. Once technological feasibility has been determined, a portion of the costs incurred in

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development, including coding, testing and product quality assurance, are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. LanVision capitalized \$500,000, \$420,000 and \$300,000 in 2001, 2000 and 1999, respectively.

Research and development expense was \$1,381,557, \$1,674,383 and \$2,166,441 in 2001, 2000 and 1999, respectively.

Amortization is provided on a product-by-product basis over the estimated economic life of the software, not to exceed three years, using the straight-line method. Amortization commences when a product is available for general release to customers. Unamortized capitalized costs determined to be in excess of the net realizable value of a product are expensed at the date of such determination. Amortization expense was \$300,000, \$300,000 and \$180,000 in 2001, 2000 and 1999, respectively.

ACCRUED OTHER EXPENSES

Accrued other expenses at January 31, 2002 and 2001 include warranty reserves, accrued franchise and property taxes, professional fees and other liabilities.

INCOME TAXES

The provisions for income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under the asset and liability method of Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

STOCK OPTIONS

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.

OTHER INCOME

Other income, net, in the first quarter of fiscal 2000, results primarily from the gain on the sale of the data center in February 2000 for \$2,900,000. LanVision entered into a Service Provider Agreement with the purchaser to continue to use the data center under a fee-for-service agreement, which can be renewed annually at the sole option of the Company. Other income, net, in the fourth quarter of fiscal 1999, includes approximately \$1,100,000 related to a contract settlement with a customer.

NET EARNINGS (LOSS) PER COMMON SHARE

The net earnings (loss) per common share is computed in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. The basic net earnings (loss) per common share is computed based on the weighted average number of common shares outstanding during each period. The diluted net earnings per common share reflects the potential dilution that could occur if Stock Options, Stock Purchase Plan commitments and Warrants were exercised into Common Stock, under certain circumstances, that then would share in the earnings of LanVision. The diluted net (loss) per common share calculation, in fiscal 1999, excludes the effect of the Stock Options, Stock Purchase Plan commitments and Warrants, as the inclusion thereof would be antidilutive.

2. OPERATING LEASES

LanVision rents office space and equipment under noncancelable operating leases that expire in fiscal 2006. Future minimum lease payments under noncancelable operating leases for the next five fiscal years are as follows: 2002, \$142,393; 2003, \$13,183; 2004 & 2005, \$5,856 each year and 2006, \$5,368. Rent expense was \$139,047, \$217,000 and \$370,720 for fiscal years 2001, 2000 and 1999, respectively.

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3. LONG-TERM DEBT

In 1998, LanVision issued a \$6,000,000 note to The HillStreet Fund, L.P., which bears interest at 12%, payable monthly. The note is repayable in quarterly installments of \$500,000 commencing October 2001 through July 2004. LanVision has the option to prepay at any time, in full, the outstanding balance of the note upon the payment of a Special Prepayment Fee. The Special Prepayment Fee shall be equal to the amount of the Yield Guarantee to Maturity of 25%, discounted to the present value to the date of payment in full of the Loan, using an assumed discount rate of 6%, minus the amount of the interest prepaid on: September 5, 2000, in the amount of \$1,000,000, April 2, 2001, in the amount of \$500,000, and to be paid on March 13, 2002, in the amount of \$500,000, all of which will be compounded at an assumed interest rate of 6% through the date of the payment in full of the Loan. The note is secured by all of the assets of LanVision and the loan agreement, as amended, restricts LanVision from incurring additional indebtedness for borrowed money, including capitalized leases, limits certain investments, restricts substantial asset sales, capital expenditures, cash dividends, stock repurchases, and mergers and consolidations with unaffiliated entities without lender consent. In addition, LanVision is required to meet certain financial covenants, including minimum levels of revenues, earnings, and net worth. Also, the loan agreement requires LanVision to maintain a minimum cash balance of \$4,800,000, after the payment of the additional interest on March 13, 2002, as noted above.

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

Under the terms of the loan agreement, LanVision has guaranteed the lender that the increase in the market value of the stock underlying the Warrants, at the time of loan maturity, over the exercise price 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.

In July 2002, LanVision has a one-time option to repay, in full, the outstanding balance of the loan, and should LanVision exercise this prepayment option in July 2002, then the minimum guaranteed rate of return is increased to 30%. However, to the extent that the computed minimum compound annual rate of return, including the yield from the Warrants plus interest paid, exceeds 30% at the date of the prepayment, the Company has the right to cancel up to 150,000 Warrants.

In addition, the founders of the Company have consented to certain restrictions on the sale or transfer of their shares.

Maturities of long-term debt are as follows: fiscal year 2002, \$2,000,000; 2003, \$2,000,000 and 2004, \$1,000,000.

LanVision believes the fair market value of the long-term debt and its accompanying Warrants approximates the carrying value based on the term, interest rate and maturity that the Company believes is currently available to it.

The Company was in compliance with all of the amended terms and conditions of the loan agreement as of January

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4. INCOME TAXES

LanVision had no income tax expense or (benefit) for 2000 and 1999. In 2001, the company was subject to Alternative Minimum Taxes.

The expense (benefit) for income taxes differs from the Federal statutory rate as follows:

	Fiscal Year		
	2001	2000	1999
Federal tax expense (benefit) at Statutory rate	\$ 78,176	\$ 7,104	\$(1,104,005)
Change in valuation allowance	(78,176)	(7,104)	--
Loss for which benefit not provided	--	--	1,104,005
Alternative minimum tax	13,000	--	--
	\$ 13,000	\$ --	\$ --
	=====	=====	=====

LanVision provides deferred income taxes for temporary differences between assets and liabilities recognized for financial reporting and income tax purposes. The income tax effects of these temporary differences are as follows:

	Fiscal Year		
	2001	2000	1999
Deferred tax assets:			
Net operating loss carryforwards	\$ 10,608,654	\$ 10,940,932	\$ 10,640,706
Accounts payable and accrued liabilities	479,870	489,204	854,145
Property and equipment	49,227	49,227	--
Other	148,000	148,000	142,450
	11,285,751	11,627,363	11,637,301
Less valuation allowance	(11,285,751)	(11,515,374)	(11,381,128)
Net deferred tax assets	--	111,989	256,173
Deferred tax liabilities:			
Prepaid assets	--	(111,989)	(220,143)
Equipment	--	--	(36,030)
	--	(111,989)	(256,173)
	\$ --	\$ --	\$ --
	=====	=====	=====

At the end of fiscal 2001, LanVision had a net operating loss carryforward of approximately \$ 29,000,000, which begins to expire in 2009.

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5. RETIREMENT PLAN

LanVision has established a 401(k) retirement plan that covers substantially all employees. Company contributions to the plan may be made at the discretion of the Board of Directors. To date, no Company contributions have been made to the plan.

6. MAJOR CUSTOMERS

During fiscal 2001, three customers, exclusive of our remarketing partner, accounted for 11%, 6% and 7% of total revenues. During fiscal 2000, three customers accounted for 11%, 10% and 8% of total revenues. During fiscal 1999, three customers accounted for 10%, 9% and 9% of total revenues. At January 31, 2002 and 2001, 38% and 30%, respectively, of LanVision's accounts receivable were due from three customers.

7. STOCK OPTION PLANS

LanVision has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations, in accounting for its stock options because, as discussed below, the alternative fair value method of accounting provided for under Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, requires use of option valuation models that were not developed for use in valuing stock options. Accordingly, LanVision adopted the disclosure only provisions of Statement 123. All of LanVision's stock options have been issued with an exercise price equal to the estimated fair market value of the underlying stock at the date of grant. Accordingly, under Opinion 25, no compensation expense is recognized.

LanVision's Employee Stock Option Plan authorizes the grant of options to employees for up to 825,000 shares of the Company's Common Stock. The options granted have terms of ten years or less and generally vest and become fully exercisable ratably over three years of continuous employment from the date of grant, except with respect to 22,275 options which were granted in fiscal 1995, and became fully vested and exercisable on December 1, 1996. At January 31, 2002, options to purchase 522,276 shares of the Company's Common Stock have been granted under the Plan.

LanVision's Non-Employee Directors Stock Option Plan authorizes the grant of options for up to 100,000 shares of the Company's Common Stock. All options granted have terms of ten years or less and vest and become fully exercisable ratably over three years of continuous service as a Director from the date of grant. Options for 50,000 shares have been granted under this plan, of which 20,000 options are exercisable and vested. In addition, non-qualified stock options to purchase 5,000 shares were granted to a Director in April 1996, and are exercisable and vested.

LanVision also issued non-qualified stock options to purchase 99,841 shares of the Company's Common Stock to two employees prior to the initial public offering of the Company's Common Stock. Of the total, 69,778 were granted in fiscal 1995, with an exercise price of \$1.00 per share, and expired in fiscal 2000. The remaining 30,063 options were granted in 1990, with a term of approximately eleven years and became exercisable in 1991 at an aggregate price of \$1.00. Stock options for 10,000 shares were exercised in fiscal 1999 and 20,063 shares were exercised in fiscal 2000.

Pro forma information regarding the net earnings (loss) and net earnings (loss) per common share is required by Statement 123, and has been determined as if LanVision had accounted for its stock options under the fair value method of that Statement. The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for fiscal 2001, 2000 and 1999: risk-free interest rates of 4.50% in 2001; 5.15% in 2000 and 6.4% in 1999; a dividend yield of zero percent; a volatility factor of the expected market price of the Company's Common Stock of 1.011 in 2001; .935 in 2000 and .907 in 1999, and a weighted average expected life of the options of five years.

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The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in LanVision's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the average vesting period of the options. LanVision's pro forma information is as follows:

Pro Forma -----	Fiscal Year -----		
	2001	2000	1999
	-----	-----	-----
Net earnings (loss)	\$ 74,903	\$ (33,369)	\$ (3,444,914)
	=====	=====	=====
Basic net earnings (loss) per common share	\$.01	\$ (.00)	\$ (.39)
	=====	=====	=====

The pro forma disclosures are not likely to be representative of the effects on earnings reported for future years.

A summary of LanVision's stock option activity and related information is as follows:

Fiscal Year

	2001		2000		1999	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding - beginning of year	604,275	\$ 2.69	576,956	\$ 4.51	703,493	\$ 6.04
Granted	10,000	.88	394,000	1.02	101,000	1.38
Exercised	(18,999)	1.12	(20,063)	- (2)	(10,000)	- (1)
Forfeited	(18,000)	1.92	(346,618)	3.98	(217,537)	8.07
Outstanding - end of year	577,276	2.73	604,275	2.69	576,956	4.51
Exercisable at end of year	309,589	\$ 4.23	170,457	\$ 6.63	344,400	\$ 5.82
(1) \$.33 in the aggregate for all 10,000 shares.						
(2) \$.67 in the aggregate for all 20,063 shares.						
Weighted average fair value of options granted during year	\$.67		\$.75		\$ 1.01	

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The following table summarizes, by range of exercise price, the options as of January 31, 2002:

Options		Weighted average exercise price	Approximate remaining life in years
Outstanding	Exercisable		
577,276	309,589	\$ 4.23(1)	7

(1) The exercise prices range from \$0.53 to \$14.50, of which 62,275 shares are between \$10.40 and \$14.50 per share and 38,500 shares are between \$4.75 and \$7.38 per share and 277,167 shares are between \$1.37 and \$2.87 per share and 199,334 shares are between \$0.53 and \$0.88 per share.

The Employee Stock Option Plan contains change of control provisions whereby any outstanding options subject to vesting, which have not fully vested as of the date of the change in control, shall automatically vest and become immediately exercisable. One of the change in control provisions is deemed to occur if there is a change in beneficial ownership, or authority to vote, directly or indirectly, securities representing 20% or more of the total of all of LanVision's then outstanding voting securities, unless through a transaction arranged by, or consummated with the prior approval of the Board of Directors. Other change in control provisions relate to mergers and acquisitions or a determination of change in control by the Company's Board of Directors.

8. STOCK PURCHASE PLAN

LanVision has an Employee Stock Purchase Plan under which employees may purchase up to 500,000 shares of Common Stock. Under the plan, eligible employees may elect to contribute, through payroll deductions, up to 10%

of their base pay to a trust during any plan year, July 1 through June 30, of the following year. At June 30 of each year, the plan acquires for the benefit of the employees shares of Common Stock at the lesser of (a) 85% of the Fair Market Value of the Common Stock on July 1, of the prior year, or (b) 85% of the Fair Market Value of the Common Stock on June 30, of the current year.

During fiscal year 2001, 15,707 shares were purchased at the price of \$1.23 per share; in 2000, 21,145 shares were purchased at the price of \$1.01 per share; and in 1999, 13,513 shares were purchased at the price of \$0.98 per share.

The purchase price at June 30, 2002, will be 85% of the lower of (a) the closing price on July 2, 2001 (\$1.45) or (b) 85% of the closing price on June 28, 2002.

9. COMMITMENTS AND CONTINGENCIES

MAINTENANCE AGREEMENTS AND WARRANTIES

LanVision has maintenance agreements to provide services in future periods after the expiration of an initial warranty period. LanVision invoices customers in accordance with the agreements and records the invoicing as deferred revenues and recognizes the revenues ratably over the term of the maintenance agreements. LanVision warrants to customers that its software will meet certain performance requirements.

APPLICATION-HOSTING SERVICES

LanVision enters into long-term agreements to provide document imaging/management and workflow services to its healthcare customers on an outsourced basis from a central data center.

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EMPLOYMENT AGREEMENTS

LanVision has entered into employment agreements with its officers and employees that generally provide annual salary, a minimum bonus, discretionary bonus, stock incentive provisions and severance arrangements.

RESERVED COMMON STOCK

LanVision has reserved 1,352,116 shares of the Common Stock authorized for issuance in connection with various Stock Option and Purchase Plans, and 750,000 shares for the Warrants issued in connection with the long-term debt.

LITIGATION

There are claims pending against the Company and its subsidiary. Based on a review of such litigation with legal counsel, the Company believes any resulting liability would not have a material affect on the Company's consolidated financial position or results of operations.

10. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following sets forth selected quarterly financial information for fiscal years 2001, 2000 and 1999.

(In thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2001
Revenues	\$ 2,712	\$ 2,099	\$ 3,385	\$ 2,743	\$ 10,939
Operating profit (loss)	473	(139)	1,001	684	2,019
Net earnings (loss)	102	(570)	498	180	210
Basic and diluted net earnings (loss) per share (a)	.01	(.06)	.06	.02	.02
Weighted average shares outstanding	8,879	8,884	8,894	8,899	8,889
Stock Price (b)					
High	\$ 1.31	\$ 1.75	\$ 1.70	\$ 4.98	\$ 4.98
Low	\$.56	\$.95	\$.85	\$ 1.07	\$.56
Quarter and year-end close	\$ 1.00	\$ 1.25	\$ 1.23	\$ 3.50	\$ 3.50
Cash dividends declared (c)	\$ -	\$ -	\$ -	\$ -	\$ -

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2000
Revenues	\$ 1,813	\$ 2,298	\$ 2,647	\$ 2,818	\$ 9,576
Operating profit (loss)	(702)	(334)	421	682	67
Net earnings (loss) (e)	315	(639)	39	305	21
Basic and diluted net earnings (loss) per share (a)	.04	(.07)	.00	.03	.00
Weighted average shares outstanding	8,848	8,855	8,869	8,879	8,863
Stock Price (b)					
High	\$ 3.47	\$ 2.00	\$ 1.63	\$ 1.34	\$ 3.47
Low	\$ 1.19	\$.88	\$.81	\$.44	\$.44
Quarter and year-end close	\$ 1.63	\$ 1.31	\$ 1.00	\$.91	\$.91
Cash dividends declared (c)	\$ -	\$ -	\$ -	\$ -	\$ -

PAGE 32	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	1999
Revenues	\$ 2,372	\$ 2,001	\$ 2,984	\$ 3,114	\$ 10,471
Operating (loss)	(1,227)	(1,218)	(83)	(55)	(2,583)
Net earnings (loss) (d)	(1,559)	(1,580)	(494)	386	(3,247)
Basic and diluted net earnings (loss) per share(a)	(.18)	(.18)	(.06)	.04	(.37)
Weighted average shares outstanding	8,814	8,819	8,836	8,838	8,827
Stock Price (b)					
High	\$ 5.63	\$ 2.00	\$ 1.38	\$ 6.25	\$ 6.25
Low	\$ 1.25	\$ 1.00	\$.50	\$.44	\$.44
Quarter and year-end close	\$ 1.75	\$ 1.00	\$.75	\$ 1.25	\$ 1.25
Cash dividends declared (c)	\$ -	\$ -	\$ -	\$ -	\$ -

(a) Quarterly amounts may not be additive.

(b) Obtained from The Nasdaq Stock Market, Inc.

(c) The Company has not paid a dividend on its Common Stock since its inception and does not intend to pay any cash dividends in the foreseeable future.

(d) Includes other income, net in the fourth quarter related to the settlement of an account with a customer.

(e) Includes other income, net in the first quarter related to the gain on the sale of the data center.

DIRECTORS AND OFFICERS

DIRECTORS

George E. Castrucci(1) (2)*
Retired Chief Executive Officer
Great American Broadcasting Company

Richard C. Levy, M.D.(1) (2)
Professor
University of Cincinnati

Eric S. Lombardo
Executive Vice President
LanVision Systems, Inc.

J. Brian Patsy
Chairman of the Board and Chief Executive Officer
LanVision Systems, Inc.

Z. David Patterson(1)* (2)
Executive Vice President
Blue Chip Venture Company

(1) Audit Committee
(2) Compensation Committee
* Committee Chairman

OFFICERS

J. Brian Patsy
Chairman of the Board,
Chief Executive Officer and President

Eric S. Lombardo
Executive Vice President
and Corporate Secretary

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

Donald E. Vick, Jr.
Controller and Assistant Treasurer

CORPORATE INFORMATION

CORPORATE HEADQUARTERS
LanVision Systems, Inc.
5481 Creek Road
Cincinnati, Ohio 45242-4001
(513) 794-7100

STOCK TRANSFER AGENT
Fifth Third Bank
Corporate Trust Administration
38 Fountain Square Plaza
Mail Drop 10AT66
Cincinnati, Ohio 45202

INDEPENDENT AUDITORS
Ernst & Young LLP
Cincinnati, Ohio

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on
May 29, 2002.

FORM 10-K AND INVESTOR CONTACT

The Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission is available without charge to stockholders and investment professional securities analysts upon written request. These requests should be directed to: Investor Relations at the Corporate Headquarters or e-mail LanVision at investor_relations@lanvision.com.

COMMON STOCK

The Company's common stock trades on The Nasdaq SmallCap Market under the symbol LANV.

As of March 31, 2002, there were approximately 2,010 stockholders.

LanVision Systems, Inc. World-Wide Web Site
Visit us at - <http://www.lanvision.com>

[LOGO]

LanVision(TM)
Healthcare Information Access Systems

LANVISION SYSTEMS, INC.
5481 CREEK ROAD
CINCINNATI, OHIO 45242-4001
PHONE: 513.794.7100, FAX: 513.794.7272

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Exhibit 21.1
LANVISION SYSTEMS, INC.

SUBSIDIARIES OF THE REGISTRANT

Name -----	Jurisdiction of Incorporation -----	% Owned -----
LanVision, Inc.	Ohio	100%

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report on Form 10-K of LanVision Systems, Inc. of our report dated March 8, 2002, included in the 2001 Annual Report to Stockholders of LanVision Systems, Inc.

Our audits also included the financial statement schedule of LanVision Systems, Inc. listed in Item 14. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule, referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following Registration Statements and related prospectuses of LanVision Systems, Inc. of our report dated March 8, 2002, with respect to the consolidated financial statements and schedule of LanVision Systems, Inc. incorporated by reference in the Annual Report on Form 10-K for the year ended January 31, 2002.

Form -----	Registration No. -----	Description -----
S-8	333-28055	1996 Employee Stock Purchase Plan
S-8	333-18625	1996 Employee Stock Option Plan
S-8	333-20765	1996 Non-Employee Directors Stock Option Plan
S-8	333-20763	George E. Castrucci Option Agreement

Cincinnati, Ohio
April 22, 2002

/s/ Ernst & Young LLP