UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended January 31, 2000

OR

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

For the transition period from ______________ to ______________

Commission File Number: 0-28132

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

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

4700 Duke Drive, Suite 170
Mason, Ohio 45040-9374
(Address of principal executive offices) (Zip Code)

(513) 459-5000
(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 14, 2000, was $6,635,386.01.

The number of shares outstanding of the Registrant's Common Stock, $.01 par value, as of April 14, 2000: 8,848,093.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Annual Report to Stockholders for the year ended January 31, 2000, 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 24, 2000, 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 E-Health Application Service Provider and leading supplier of Healthcare Information Access Systems 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. The Company's products are complementary to existing clinical and financial systems, and use document imaging and workflow tools to ensure end users can electronically access all the various forms of healthcare information including clinician's handwritten notes, lab reports, photographs, insurance cards, etc. LanVision's E-Health 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 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. The Company'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. The Company 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, the Company's applications fulfill 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, the Company has integrated its products with selected systems from Shared Medical Systems Corporation, Cerner Corporation, IDX Systems Corporation, and Oacis Healthcare Holdings Corp. 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. The Company'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, the Company has derived its revenues from system sales involving the licensing of its Electronic Medical Record Solution to Integrated Healthcare Delivery Networks ("IDN"). In a typical transaction, the Company enters into a perpetual license for the Company's Electronic Medical Record Software Suite and licenses or sells other third party software and hardware components to the IDN. Additionally, the Company provides professional services, including implementation, training and product support.

With respect to systems sales, the Company earns its highest margins on proprietary LanVision software 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 are expected to fluctuate based upon the negotiated terms of the agreement with each customer and the Company's ability to fully utilize its professional services, maintenance and support services staff.

Beginning in 1998, the Company began offering customers the ability to obtain its Electronic Medical Record Solution on a service bureau/E-Health basis. The Company's Virtual Healthware Services ("VHS") division established a centralized data center and installed the Company's Electronic Medical Record Suite within the data center. Under this arrangement, customers electronically capture information and transmit the data to the centralized data center. The VHS division stores and manages the data using LanVision's Electronic Medical Record Suite, and customers can view, print or fax the information from anywhere using the LanVision Web-based applications. VHS charges and recognizes revenue for these E-Health services on a per transaction basis as information is captured, stored, and retrieved.

In February, 2000, the Company sold its centralized data center for $2.9 million. Simultaneous therewith, the Company entered into a service agreement with the buyer. Under the terms of this service agreement, in exchange for processing fees, the Company will continue to use the data center to provide outsourcing services to LanVision's current and future customers. Although LanVision sold the data center assets, the Company continues to market its E-Health solutions. The Company continues to provide these solutions through the data center and intends to pursue other data center service providers.

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, the Company 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 the Company's proprietary software and third-party software with a one-time perpetual license fee that is adjusted depending on the number of workstations using the software. Third-party hardware is usually 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.

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

The Company's VHS E-Health/Application Service Provider 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 such services on a transaction basis, and the centralized data center application is operated and maintained by LanVision personnel and/or its agents. In 1999, VHS 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 System. Management believes more IDN's will begin to look for this type of E-Health application. Additionally, the Company believes its business model is especially well suited for the ambulatory marketplace. LanVision is actively pursuing remarketing agreements with Healthcare Information Systems providers to distribute the Company's E-Health solutions.

In 1998, the Company entered into a Remarketing Agreement with Shared Medical Systems Corporation ("SMS"). Under the terms of the agreement, SMS was granted an exclusive worldwide license to distribute ChartVision(R), On-Line Chart Completion(TM), WebView(TM) and Enterprisewide Correspondence(TM) 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, the Company may terminate the SMS Remarketing Agreement.

Under the terms of the agreement, SMS remits royalties to LanVision based upon SMS sublicensing the Company'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 statement. The remaining 75% of the royalty is due upon SMS's shipment of software to the end user. LanVision records this revenue when the 75% payment due from SMS is fixed and determinable, which is generally when the software is shipped to the end user.

Healthcare Industry Background

Healthcare expenditures continue to grow at a significant rate and approximated $1.0 trillion in 1998, representing approximately 14% of the U.S. Gross Domestic Product. 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 increases the cost of patient care. Physicians often cannot gain access to medical records at the time of patient visits, and users cannot simultaneously access the record when only a single copy of the paper-based patient record is available. In the Company'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 classic 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 demanding 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 expenditures. In the tenth Annual Healthcare Information and Management Systems Society ("HIMSS") Leadership Survey Sponsored by IBM in February 1999, 71% of the respondents expected an increase in their information technology budget. Respondents to the survey ranked Year 2000 Compliance conversion and integrating systems in a multi-vendor environment as their two most important priorities. However, implementing a CPR system was ranked as the next highest priority. In addition, only 11% of the hospitals surveyed indicated that they had a fully operational CPR system in place, approximately 25% of the respondents indicated they have developed a plan to implement a CPR system and 32% indicated they have begun to install CPR hardware and software.

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. The Company's management believes the demand for the Company's Healthcare Information Access Systems, which can supply imaging capabilities to the CPR, will increase in future years.

Also, the HIMSS Leadership Survey indicated that more organizations were outsourcing information technology functions. In 1999, 14% of respondents indicated that they were outsourcing application support compared with 11% in 1998. Additionally, the information technology individuals responding to the HIMSS Leadership Survey indicated that security related to patient records was one of the most important concerns within their institutions.

Regulations Relating to Confidentiality

State and Federal 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 and difficult to apply. On August 22, 1996, President Clinton signed the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). This legislation requires 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 standards to ensure the integrity and confidentiality of health information. The Secretary issued some proposed standards. LanVision believes that the proposed standards issued to date would not materially affect the business of the Company if adopted as proposed. The Company cannot predict the potential impact of the standards that have not yet been proposed or any other standards that might be finally adopted instead of the proposed standards. The HIPAA legislation also required the Secretary to submit recommendations to Congress for legislation to protect privacy and confidentiality of personal health information. Congress failed to enact such legislation by August 21, 1999, as required by HIPAA. However, as required by HIPPA, the Secretary subsequently proposed such protections by regulation, which have not yet become final. Congress may yet adopt legislation that may change, override, conflict with or pre-exempt regulations. Additionally, legislation governing the dissemination of medical record information is also frequently proposed and debated at the state level. Such legislation, if enacted, could require patient consent before even non-individually-identifiable (e.g., coded or anonymous) patient information may be shared with third parties and could also require that holders or users of such information implement specified security measures. These laws or regulations, when adopted, could restrict the ability of customers to obtain, use or disseminate patient information.

Management believes that the features and architecture of the Company's products are such that the Company should be able to make the necessary modifications to its products, if required, to ensure compliance with HIPPA, 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 the Company's products. Overall, management believes the HIPPA standards will stimulate healthcare organizations to purchase computer-based patient systems that automate the collection and use of medical record information, while maintaining appropriate security over the information. However, there can be no assurance an increase in purchasing new systems will occur.

Rapid Technological Change and Evolving Market

The market for the Company'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, the Company'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. The Company's future success will depend in part upon the Company's ability to enhance its existing products and services and to develop and introduce new products and services to meet changing requirements.

The LanVision Solution

LanVision's Healthcare Information Access Systems provide solutions for the patient information access needs of hospitals and integrated healthcare 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 collections and reduction of "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 new Virtual Healthware Services Division ("VHS") that utilizes LanVision's Web-based browser technology 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.

The LanVision Strategy

The Company's objective is to continue to be a leading provider of Healthcare Information Access Systems. Important elements of the Company's business strategy include:

Expand Distribution Channels

Management estimates the market for the Company's could be in excess of $1 billion, and the market is less than 10% penetrated.

In 1998, LanVision took a major step forward in improving and expanding its sales distribution when it entered into a Remarketing Agreement with Shared Medical Systems 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 Records imaging/management and workflow products as an integrated component of the SMS(R) NOVIUS(R) product line.

It is management's intention to develop additional remarketing alliances with other HIS vendors and to explore other means of expanding the Company's distribution channels.

Provide Application Service Provider Service Bureau Operations

LanVision established a new division, Virtual Healthware Services, which utilizes LanVision's Web-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 basis, which is an attractive alternative to a hospital purchasing an in-house system. This service is made possible through the advancement of Web-based technology, state-of-the-art communication technology and advanced software design.

As previously announced, the Company sold its Mason, Ohio data center. However, under a fee for service agreement, the Company will continue to use the data center for its current and future clients.

The Company intends to aggressively market its E-Health solutions, and future product development efforts will be designed to accommodate the Application Service Provider business model.

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, the Company intends to increase the functionality of its Web-based applications. (See "WebView - Web enabling tool" described below.)

The Company has continually added new features and functionality to its Electronic Medical Record suite of products, including new security modules, multi-entity support, etc. Additionally, the Company has been developing a new version of AccountVision, a patient accounting product. The new version of AccountVision was scheduled for release in 1999, but was delayed due to the prioritization of other products.

Currently, the Company is developing a new product accessANYware. This product will be web-based and its Graphical User Interface will include the best features of the Company's entire product portfolio, including AccountVision. AccessANYware will utilize a common database for medical records and patient accounting, thereby improving system administration and eliminating redundant data entry.

Management believes only the most robust, flexible, dependable products will survive in the healthcare market, and the Company 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 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 Systems Corporation, and Cerner Corporation. LanVision is marketing image-enabling technology through its OmniVision and WebView products. LanVision intends to continue to aggressively market its unique image-enabling solutions to end users and other third-party software application providers. OmniVision is in production in several large-scale, enterprisewide applications including over 2,000 workstations at Memorial Sloan-Kettering Cancer Center and is being deployed on over 1,000 workstations at USCF Stanford Healthcare. (See "OmniVision-Image-Enabling Tool" described below.)

Systems and Services

LanVision's systems employ an open architecture that supports a variety of operating systems, including Microsoft Windows, Windows 95, Windows NT and UNIX. The Company's systems can be configured with various hardware platforms, including INTEL-compatible personal computers, IBM RS/6000 and Hewlett-Packard 9000. The Company's systems include a graphical user interface designed specifically by the Company for physicians and other medical and administrative personnel in hospitals and integrated healthcare networks. The Company's systems operate on multiple imaging platforms, including SMS, FileNet and Kofax. The Company'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 the Company's products follows.

WebView - Web-Enabling Tool

The Internet, "thin client" workstations and Web-enabled applications have generated enormous excitement in the world of Healthcare Information Systems. Their potential positive impact on the computerized patient record and document imaging is just now being realized. The Company believes these new technologies will combine to create sweeping changes in the way healthcare institutions manage, distribute and view their healthcare information. WebView utilizes the Internet/Intranet to allow remote users to easily access an integrated computerized patient record and document imaging system residing in a complete Electronic Medical Record from virtually anywhere. The more important benefits include:

- significantly lower maintenance and staff costs;
- lower data center investment and operating costs;
- the ability to seamlessly image-enable existing clinical, billing or other third-party information systems; and
- a higher degree of desktop integration.

WebView uses a familiar Internet browser "look and feel" and combines the platform-independent technologies, open standards and "network-centric" architecture of the Internet with the Company's robust application suites. As an intuitive, flexible, cost-effective, and scaleable product, WebView provides organizations with a "technology bridge" connecting the Company's application suites with innovative Internet/Intranet technologies.

OmniVision - Image-Enabling Tool

LanVision provides 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 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 OmniVision image-enabling tool includes a full automation interface using Object Linking and Embedding and Component Object Modeling standards that allow third-party products to easily make calls to OmniVision. OmniVision is in production in several large-scale, enterprise-wide applications, including over 2,000 workstations at Memorial Sloan-Kettering Cancer Center.

The ChartVision Application Suite......a highly evolved Electronic Medical Record application

The ChartVision application suite provides physicians, clinicians and information management professionals throughout the healthcare enterprise with immediate and simultaneous access to the complete patient record. ChartVision is a highly evolved Electronic Medical Record application suite that provides streamlined processing and fast, easy access to all forms of healthcare information regardless of source. The ChartVision application suite includes the following modules:

On-Line Chart Completion (OCC)
Automates the identification of deficiencies in patient charts and electronically routes the incomplete documents to the appropriate medical and administrative personnel for on-line processing, chart completion, electronic signature and reporting. OCC includes proprietary embedded LanVision workflow software, which provides a significant cost advantage over alternative third-party workflow software when deployed throughout the healthcare enterprise.

Enterprisewide Correspondence (EWC)
Fulfills internal and external requests for information and allows for automatic invoicing capability. EWC also provides the ability to electronically search for, print, mail or fax information to third parties that request copies of patient records. EWC is compatible with third-party workflow software such as Eastman Workflow.

On-Line Registration Processing
Provides an interactive, electronic pen-based module that allows patients to read, edit and sign consent forms and other documents on a portable tablet device. The forms are automatically filed in the patient's electronic folder.

The AccountVision Application Suite.....a Patient Financial Services application

A new version of the AccountVision application suite, a Patient Financial Services application, is under development. AccountVision enables hospitals and integrated delivery networks to streamline their business services operations by tracking patients from pre-admission and registration through account follow-up and final payment. AccountVision facilitates improved communications by providing immediate and simultaneous access to documents thus promoting prompt responses to patient and third-party inquiries concerning the patient bill and other correspondence. AccountVision's electronic financial folder concept closely integrates patient and non-patient documents to substantially improve productivity in a variety of areas, including secondary billing and claims follow-up. Utilizing the latest workflow technologies, AccountVision helps clients actively manage work in process by monitoring staff workloads, reassigning work to avoid backlogs and focusing work on appropriate revenue-producing tasks.

The AccountVision suite offers a unified database for patient folders (Medical Records) and non-patient folders (Patient Financial Services). The AccountVision application suite includes "Remittance Processing" which is a computer aided data entry application that applies optical character recognition and form recognition/processing technologies to automatically extract payment amounts and calculates adjustments from third-party payer remittance documents.

accessANYware

The accessANYware(SM) product is an entirely new offering under development that combines the features of the Company's entire product portfolio into a common Graphical User Interface and offers the additional benefit of a unified database for efficient system administration and elimination of redundant data entry.

The Foundation Suite

In 1999, LanVision introduced a new foundational architecture for its products called Foundation Suite. It is a robust 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 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.

Virtual Healthware Services - VHS

Virtual Healthware Services became operational in April, 1998, to give healthcare providers an even more cost-effective solution to managing patient information. Through its use of Internet/Intranet technology, VHS 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. VHS delivers document imaging/management and workflow 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 enterprisewide, secure access to healthcare information.

Professional Services

LanVision provides a full complement of professional services to implement its software applications. The Company 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 development and custom report development.

The Company 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 the Company's research and development efforts. In 1996 and 1997, LanVision significantly expanded its development efforts. In late 1997 and early 1998, the Company completed many of its major development projects discussed above. Whereupon, the Company began to reduce the use of outside contractors and development staff as projects were completed.

Product research and development expense was $2,166,441, $3,740,215 and $5,553,778 in 1999, 1998 and 1997, respectively. The Company capitalized $300,000, $396,000 and $396,000 in 1999, 1998 and 1997, respectively.

Existing Customers

The Company'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 Health Network, Philadelphia, PA
Beth Israel Medical Center, New York, NY;
  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
Highland Park Hospital, Highland Park, IL
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
Texas Health Resources, Inc.: Harris Methodist Hospital, Fort Worth, TX
UCSF Stanford Healthcare, Palo Alto, CA
University of Pittsburgh Medical Center, Pittsburgh, PA

VHS service bureau customer:

The Health Alliance of Greater Cincinnati

In addition to the institutions listed above, Shared Medical Systems Corporation has sold the LanVision Electronic Medical Record suite of products to nine organizations as of March 31, 2000.

In fiscal year 1999, Beth Israel Medical Center, UCSF Stanford Healthcare, and Memorial Sloan-Kettering Cancer Center, accounted for 10%, 9% and 9%, respectively of the Company's total revenues. In fiscal year 1998, Beth Israel Medical Center, Medical University of South Carolina, and Memorial Sloan-Kettering Cancer Center, accounted for 10%, 9%, and 8%, respectively of the Company's total revenues. In fiscal year 1997, Children's Medical Center of Dallas, Beth Israel Medical Center, and Memorial Sloan-Kettering Cancer Center, accounted for 13%, 13%, and 12%, respectively of the Company's total revenues. The small number of customers and the extended sales cycle have contributed to variability in quarterly and annual operating results. The Company expects that as its customer base continues to increase, and sales through the SMS Remarketing Agreement, 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 services to be provided by LanVision, the agreed upon aggregate price and the timetable for implementation. The master agreement typically provides that the Company 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, 2000, the Company has master agreements or purchase orders for systems and related services (excluding support and maintenance, and transaction-based revenues for the VHS service bureau), which have not been delivered, installed and accepted which, if fully performed, would generate future revenues of approximately $4,551,000. 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 1999, maintenance and support revenues approximated $3,264,000 and are expected to increase in fiscal 2000. Furthermore the VHS division has entered into a service bureau agreement which is expected to generate revenues in excess of $2,000,000 over the remaining four-year life of the contract.

The Company'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 1999, 1998 and 1997 were approximately $3,264,000, $2,755,000 and $2,151,000, respectively.

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

Royalties

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

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. The Company 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.

The Company's competitors include Healthcare Information Access Systems vendors that are larger and more established and have substantially more resources than the Company. 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 (including ease of use), technological advancements, customer service and support, 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 the Company 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; IMNET Systems, Inc. (a subsidiary of McKesson HBOC, Inc.); MedPlus, Inc. and Intelus Corporation (a subsidiary of Eclipsys Corporation).

Employees

As of March 31, 2000, LanVision had 61 full-time employees. In addition, the Company utilizes independent contractors to supplement its staff, as needed. None of the Company'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

Since its inception in 1989, the Company has funded its operations, working capital needs and capital expenditures primarily from a combination of cash generated by operations, a 1994 private placement of convertible redeemable preferred stock, an initial public offering and borrowings, including, a $6,000,000 loan in 1998.

The Company'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, recently 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.

The Company has no significant obligations for capital resources, other than noncancelable operating leases in the total amount of approximately $581,000, payable over the next three years.

Over the last several years, the Company's revenues have been less than the Company's internal plans. However, during the same time period, the Company 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 four years. Although the Company has reduced staffing levels and related expenses, and improved operating performance, the Company's expenses continue to exceed its revenues. Accordingly, to achieve profitability, and positive cash flow, it is necessary for the Company to increase revenues or continue to reduce expenses. Management believes its recent product development efforts have significantly strengthened the Company's product lines. Additionally, the SMS Remarketing Agreement has significantly expanded the sales distribution capabilities, and management believes that market opportunities are such that the Company should be able to increase its revenues. However, there can be no assurance the Company will be able to increase its revenues.

On February 11, 2000, the Company sold its Mason, Ohio Data Center for approximately $2,900,000. The Company received $2,000,000 and the remaining $900,000 will be received in twelve monthly installments commencing March 1, 2000. The sale will result in a gain of approximately $1,400,000.

At January 31, 2000, the Company had cash and cash equivalents of $5,411,920. Immediately after the closing of the sale of the Mason, Ohio Data Center, the Company's cash and cash equivalents approximated $7,800,000. Cash equivalents consist primarily of overnight bank repurchase agreements and short-term commercial paper. Under the terms of its loan agreement, as amended, the Company has agreed to maintain a minimum cash and investment balance of $4,400,000, which increases monthly, starting March 1, 2000, by $75,000 per month until February, 2001, at which time the minimum balance must be $5,300,000.

Management has significantly reduced operating expenses throughout 1999, and believes the Company will continue to improve operating results in fiscal 2000. However, based upon current expenditure levels and in the absence of increased revenues, the Company would continue to operate at a loss. Accordingly, for the foreseeable future, management will need to continually assess its revenue prospects compared to its current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to further 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 the Company 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 the Company's revenues or expenses. Additionally, the Company does not have any significant market risk exposure at January 31, 2000.

ITEM 2. PROPERTIES

The Company's principal administrative and sales offices are located at 4700 Duke Drive, Suite 170, Mason, Ohio 45040-9374. The offices consist of approximately 9,200 square feet of office space under a sublease that expires in January, 2001, with renewal options. The rental expense for these facilities approximates $72,000 annually.

The Company also leases office space for its finance and administration, software engineering, research and development, training and documentation operations 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 April, 2000. The rental expense for these facilities approximates $115,000 annually. The Company is in the process of negotiating an extension of this lease.

The Company also leases office space for a portion of its software engineering and research and development operations at 5970 Fairview Road, Suite 650, Charlotte, North Carolina 28210-3167. The offices consist of approximately 3,800 square feet of space under a lease that expires in May, 2002. The rental expense for these facilities approximates $148,000 annually. The Company recently closed these offices and is in the process of consolidating its software engineering and research and development operations at its Creek Road facility discussed above. The Company has engaged a real-estate broker to sublease these facilities.

The Company 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 the Company's operations.

ITEM 3. LEGAL PROCEEDINGS

The Company may be subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims can not be predicted with certainty at this time, management is not aware of any legal matters that will have a material adverse effect on the Company's consolidated results of operations or consolidated financial position.

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

At a Special Meeting of Shareholders held on January 12, 2000, called to approve a capital restructuring proposal to permit the Board of Directors, at its sole discretion, to amend the Certificate of Incorporation of the Registrant to effect a stock split of the Registrants issued and outstanding Common Stock at a ratio not to exceed one-for-three (1:3), the proposal was approved by a vote of 6,024,379 for, 224,148 against and 27,600 abstained. To date the Company has not implemented a reverse split and has no current plans to do so.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and positions held by the Executive Officers of the Company on April 14, 2000 are:

Name	Age	Position(1)	Elected to Present Position(2)
J. Brian Patsy	49	Chairman of the Board, President, Chief Executive Officer, and Director	1989
Eric S. Lombardo	47	Executive Vice President, Director, and Corporate Secretary	1989
Thomas E. Perazzo	46	Chief Financial Officer and Treasurer	1997

(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 the Company'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 the Company's inception in October, 1989. Mr. Patsy was appointed Chairman of the Board and Chief Executive Officer in March, 1996. Mr. Patsy has over 27 years of experience in the information technology industry.

Eric S. Lombardo is a co-founder of the Company, has served as a Director since the Company's inception and as Executive Vice President of the Company since May, 1990. Mr. Lombardo has over 25 years of experience in the information technology industry.

Thomas E. Perazzo joined the Company in January 1996 as Chief Financial Officer. In September 1997, he assumed the additional responsibility of Chief Operating Officer. From 1993 until he joined the Company, Mr. Perazzo served as Controller or Chief Financial Officer of Cincom Systems, Inc., an international software development and marketing company. Prior to 1992, Mr. Perazzo was a partner of KPMG, in Cincinnati, Ohio. Mr. Perazzo is a Certified Public Accountant (inactive). Mr. Perazzo will cease to be an executive officer of the Company after April 30, 2000.

All Executive Officers currently have employment agreements with the Company that generally provide annual salaries, minimum bonuses, discretionary bonuses, stock incentive provisions and severance arrangements.

There are no family relationships between any Director or Executive Officers and any other Director or Executive Officers 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 1999 and 1998, as reported by The Nasdaq Stock Market, Inc. Prior to November 30, 1999, the Company's Common Stock was listed on the Nasdaq National Market. Starting on November 30, 1999 the Company's Common Stock was listed on The Nasdaq SmallCap Market.

Fiscal Year 1999	High	Low
1st Quarter (February 1, 1999 through April 30, 1999)	$ 5.625	$ 1.250
2nd Quarter (May 1, 1999 through July 31, 1999)	2.000	1.000
3rd Quarter (August 1, 1999 through October 31, 1999)	1.375	0.500
4th Quarter (November 1, 1999 through January 31, 2000)	6.250	0.438

Fiscal Year 1998	High	Low
1st Quarter (February 1, 1998 through April 30, 1998)	$ 5.875	$ 3.625
2nd Quarter (May 1, 1998 through July 31, 1998)	4.625	2.500
3rd Quarter (August 1, 1998 through October 31, 1998)	3.375	0.875
4th Quarter (November 1, 1998 through January 31, 1999)	3.250	0.906

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 the Company or its competitors, quarterly fluctuations in the Company's financial results or other competitors' financial results, changes in analysts' estimates of the Company'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 the Company, 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 142 stockholders of record as of April 3, 2000. Because many of such shares are held by brokers and other institutions on behalf of stockholders, 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 3,600 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, 2000. 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)				
(In thousands, except per share data)	1999	1998	1997	1996	1995
Total revenues	$ 10,471	$ 12,010	$ 8,676	$ 10,310	$ 5,019
Total operating expenses	13,054	22,470	22,493	16,271	5,324
Operating (loss)	(2,583)	(10,460)	(13,818)	(5,961)	(306)
Net (loss)	(3,247)	(10,926)	(12,669)	(4,669)	(326)
Basic net (loss) per share of common stock	(.37)	(1.24)	(1.44)	(.56)	(.05)
Diluted net (loss) per share of common stock	(.37)	(1.24)	(1.44)	(.56)	(.05)
Total assets	14,719	17,485	22,200	33,300	3,046
Long-term debt	6,000	6,000	--	--	--
Convertible redeemable preferred stock	--	--	--	--	850
Total stockholders' equity (deficit)	2,613	5,847	16,816	29,921	(646)
Weighted average shares outstanding	8,827	8,811	8,827	8,284	6,190
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 8 through 15 of the Company's 1999 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

The Company currently invests its cash balances, in excess of its current needs, in overnight bank deposits and 30 day commercial paper. In prior years, the Company invested excess funds in US Government Securities. The Company did not invest for the purposes of trading in securities, however, the portfolio was managed and invested for maximum return on the investments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Financial Statements are incorporated herein by reference from pages 17 through 29 of the Company's 1999 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 29 of the Company's 1999 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, the Company's January 31, 2000 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 24, 2000 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 24, 2000 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 24, 2000 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 24, 2000 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 24, 2000 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 1999 Annual Report to Stockholders are incorporated herein by reference from pages 16 through 29 of the Annual Report. Reference is also made to Item 8 of this Form 10-K.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Changes in Convertible Redeemable Preferred Stock and Stockholders' Equity for the three years ended January 31, 2000

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)		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
10.3	#	LanVision Systems, Inc. 1996 Employee Stock Purchase Plan
10.4(a)		Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements
10.4(b)		First Amendment to Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements
10.4(c)		Second Amendment to Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements
10.5	#	George E. Castrucci Option Agreement
10.6(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and J. Brian Patsy effective January 1, 1996
10.6(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and J. Brian Patsy effective September 25, 1998
10.7(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Eric S. Lombardo effective January 1, 1996
10.7(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Eric S. Lombardo effective September 25, 1998
10.8(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Thomas E. Perazzo effective January 30, 1996
10.8(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Thomas E. Perazzo effective January 29, 1999

10.9(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
10.9(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
10.10	Consent by Blue Chip Capital Fund Limited Partnership dated February 8, 1996
10.11(a)	Lease for office space between Green Realty Corporation and LanVision, Inc., dated April 7, 1997
10.11(b)	First amendment to lease between Green Realty Corporation and LanVision, Inc., dated June 6, 1997
10.12(a)	Lease for office space between Fairview Plaza Associates Limited Partnership and LanVision, Inc., dated February 26, 1996
10.12(b)	First amendment to lease between Fairview Plaza Associates Limited Partnership, Lessor and LanVision, Inc., Lessee, dated August 12, 1996
10.12(c)	Second amendment to lease between Fairview Plaza Associates Limited Partnership and LanVision, Inc., dated May 21, 1997
10.13(a)	Lease for office space between Duke Realty Limited Partnership and LanVision, Inc., dated September 23, 1997
10.13(b)	First amendment to office lease between Duke Realty Limited Partnership and LanVision, Inc., dated January 16, 1998
10.13(c)	Lease Termination Agreement to office lease between Duke Realty Limited Partnership and LanVision, Inc., dated February 21,2000
10.14	Marketing Agreement between Shared Medical Systems Corporation and LanVision Systems, Inc. and LanVision, Inc. entered into on February 21, 1998
10.15	Form of Indemnification Agreement for all directors and officers
10.16	Asset Purchase Agreement between Smart Professional Photocopy Corporation and LanVision, Inc. dated January 20, 2000
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
27.1	Financial Data Schedule

Management Contracts and Compensatory Arrangements

REPORTS ON FORM 8-K

On November 29, 1999, the Company filed a Form 8-K, reporting under Item 5, disclosing that the Registrant's Common Stock would be listed on The Nasdaq SmallCap Market via an exception from certain listing requirements.

On January 12, 2000, the Company filed a Form 8-K, reporting under Item 5, the vote to approve a capital restructuring held at a Special Meeting of Shareholders on January 12, 2000.

On January 31, 2000, the Company filed a Form 8-K, reporting under Item 5, that the Registrant had been granted a fifteen-day extension to file an Unaudited Balance Sheet to demonstrate compliance with the Nasdaq listing requirements.

On February 11, 2000, the Company filed a Form 8-K, reporting under Item 2 the sale of its Mason, Ohio Data Center for $2.9 million.

On February 14, 2000, the Company filed a Form 8-K, reporting under Item 5, the signing of a Settlement Agreement with a customer.

On February 15, 2000, the Company filed a Form 8-K, reporting under Item 5, Unaudited Condensed Consolidated Pro-forma Balance Sheet as of January 31, 2000, to evidence compliance with certain Nasdaq Listing Qualification Panel requirements for continued listing on The Nasdaq SmallCap Market.

On February 22, 2000, the Company filed a Form 8-K, reporting under Item 5, that Nasdaq had confirmed that the Company had evidenced compliance with the requirements necessary for continued listing on The Nasdaq SmallCap Market.

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 17, 2000 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 J. Brian Patsy	Chief Executive Officer and Director	April 17, 2000
/s/ Eric S. Lombardo Eric S. Lombardo	Director	April 17, 2000
/s/ George E. Castrucci George E. Castrucci	Director	April 17, 2000
/s/ Z. David Patterson Z. David Patterson	Director	April 17, 2000
/s/ Thomas E. Perazzo Thomas E. Perazzo	Chief Financial Officer and Chief Accounting Officer	April 17, 2000

Schedule II Valuation and Qualifying Accounts and Reserves

LanVision Systems, Inc.
For the three years ended January 31, 2000

(in thousands) Description	Balance at Beginning of Period	Additions: Charged to costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
Year ended January 31, 2000:					
Allowance for doubtful accounts	$ 325	$ 60	$ --	$ --	$ 385
Warranty reserve	300	12	--	62	250
Year ended January 31, 1999:					
Allowance for doubtful accounts	265	60	--	--	325
Warranty reserve	265	35	--	--	300
Year ended January 31, 1998:					
Allowance for doubtful accounts	205	60	--	--	265
Warranty reserve	164	135	--	34	265

INDEX TO EXHIBITS

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3.3		Certificate of the Designations, Powers, Preferences and Rights of the Convertible Preferred Stock (Par Value $.01 Per Share) of LanVision Systems, Inc.	*(1)
4.1		Specimen Common Stock Certificate of LanVision Systems, Inc.	*(1)
4.2		Specimen Preferred Stock Certificate of LanVision Systems, Inc.	*(1)
4.3(a)		Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.	*(6)
4.3(b)		First Amendment to the Loan and Security Agreement between The HillStreet Fund L.P. and LanVision Systems, Inc.	*(9)
4.3(c)		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	*(1)
10.2(a)	#	LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan	*(1)
10.2(b)	#	First Amendment to LanVision Systems, Inc. 1996 Non-Employee Directors Stock Option Plan	*(2)
10.3	#	LanVision Systems, Inc. 1996 Employee Stock Purchase Plan	*(1)
10.4(a)		Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements	*(11)
10.4(b)		First Amendment to Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements	*(12)
10.4(c)		Second Amendment to Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements	*(13)
10.5	#	George E. Castrucci Option Agreement	*(10)
10.6(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and J. Brian Patsy effective January 1, 1996	*(1)
10.6(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc. LanVision, Inc. and J. Brian Patsy effective September 25, 1998	*(7)
10.7(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Eric S. Lombardo effective January 1, 1996	*(1)
10.7(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc., LanVision, Inc., and Eric S. Lombardo effective September 25, 1998	*(8)

10.8(a)	#	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Thomas E. Perazzo effective January 30, 1996	*(1)
10.8(b)	#	First Amendment to the Employment Agreement among LanVision Systems, Inc., LanVision, Inc., and Thomas E. Perazzo effective January 29, 1999	*(14)
10.9(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	*(1)
10.9(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	*(1)
10.10		Consent by Blue Chip Capital Fund Limited Partnership dated February 8, 1996	*(1)
10.11(a)		Lease for office space between Green Realty Corporation and LanVision, Inc., dated April 7, 1997	*(17)
10.11(b)		First amendment to lease between Green Realty Corporation and LanVision, Inc., dated June 6, 1997	*(3)
10.12(a)		Lease for office space between Fairview Plaza Associates Limited Partnership and LanVision, Inc., dated February 26, 1996	*(1)
10.12(b)		First amendment to lease between Fairview Plaza Associates Limited Partnership, Lessor and LanVision, Inc., Lessee, dated August 12, 1996	*(18)
10.12(c)		Second amendment to lease between Fairview Plaza Associates Limited Partnership and LanVision, Inc., dated May 21, 1997	*(19)
10.13(a)		Lease for office space between Duke Realty Limited Partnership and LanVision, Inc., dated September 23, 1997	*(4)
10.13(b)		First amendment to office lease between Duke Realty Limited Partnership and LanVision, Inc., dated January 16, 1998	*(5)
10.13(c)		Lease Termination Agreement to office lease between Duke Realty Limited Partnership and LanVision, Inc., dated February 21, 2000	***
10.14**		Marketing Agreement between Shared Medical Systems Corporation and LanVision Systems, Inc. and LanVision, Inc. entered into on February 21, 1998	*(15)
10.15		Form of Indemnification Agreement for all directors and officers	*(1)
10.16		Asset Purchase Agreement between Smart Professional Photocopy Corporation and LanVision, Inc. dated January 20, 2000	*(16)
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	***
27.1		Financial Data Schedule	***

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* Incorporated by reference from document indicated below.

** 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.

- ----------

(1) 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.

(2) 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.

(3) Previously filed with the Commission as Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended July 31, 1997, as filed with the Commission on September 10, 1997.

(4) Previously filed with the Commission as Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended October 31, 1997, as filed with the Commission on December 10, 1997.

(5) Previously filed with the Commission as Exhibit 10.15(b) of the Registrant's Form 10-K for the fiscal year ending January 31, 1998, as filed with the Commission on April 30, 1998.

(6) Previously filed with the Commission as Exhibit 10.1 of the Registrant's Form 8-K, dated July 17,1998, as filed with the Commission on July 24, 1998.

(7) Previously filed with the Commission as Exhibit 10(a) of the Registrant's Form 10-Q for the quarter ended October 31, 1998, as filed with the Commission on December 11, 1998.

(8) Previously filed with the Commission as Exhibit 10(b) of the Registrant's Form 10-Q for the quarter ended October 31, 1998, as filed with the Commission on December 11, 1998.

(9) Previously filed with the Commission as 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.

(10) Previously filed with the Commission as Exhibit 4.1 of the Registrant's Form S-8, file number 333-20763, as filed with the Commission on January 31, 1997.

(11) Previously filed with the Commission as Exhibit 4.1(a and b) of the Registrant's Form S-8, file number 333-20761, as filed with the Commission on January 31, 1997.

(12) Previously filed with the Commission as Amendment No. 1 of the Registrant's Form S-8, file number 333-20761, as filed with the Commission on September 14, 1998.

(13) Previously filed with the Commission as Amendment No. 2 of the Registrant's Form S-8, file number 333-20761, as filed with the Commission on January 27, 1999.

(14) Previously filed with the Commission as Exhibit 10.8(b) of the Registrant's Form 10-K for the fiscal year ending January 31, 1999, as filed with the Commission on April 30, 1999.

(15) Previously filed with the Commission as Exhibit 10.17 of the Registrant's Form 10-K for the fiscal year ending January 31, 1999, as filed with the Commission on April 30, 1999.

(16) Previously filed with the Commission as Exhibit 10 of the Registrant's Form 8-K dated February 11, 2000, as filed with the Commission on February 17, 2000.

(17) Previously filed with the Commission as Exhibit 10.13 of the Registrant's Form 10-K for the fiscal year ending January 31, 1997, as filed with the Commission on April 29, 1997.

(18) Previously filed with the Commission as Exhibit 10.14(b) of the Registrant's Form 10-K for the fiscal year ending January 31, 1997, as filed with the Commission on April 29, 1997.

(19) Previously filed with the Commission as Exhibit 10.2 of the Registrant's Form 10-Q for the quarter ended July 31, 1997, as filed with the Commission on September 10, 1997.

Exhibit 4.3(c)
LANVISION SYSTEMS, INC.

AMENDMENT TO LOAN AGREEMENT

AMENDMENT TO LOAN AGREEMENT

THIS AMENDMENT TO LOAN AGREEMENT ("Amendment") is executed pursuant to and is 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 and September 14, 1999 (as amended, the "Loan Agreement").

WHEREAS, LanVision, Inc., an Ohio corporation and wholly-owned subsidiary of Borrower ("Seller"), has entered into a certain Asset Purchase Agreement with Smart Professional Photocopy Corporation, a California corporation ("Smart"), dated as of January 20, 2000 (the "Purchase Agreement") pursuant to which Seller shall sell to Smart a certain Data Center (as defined in the Purchase Agreement) currently operated and maintained by Seller (the "Sale Transaction");

WHEREAS, Borrower desires to obtain the consent of Lender to the Sale Transaction in accordance with the terms of the Purchase Agreement and 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:

Consent to Sale Transaction. Lender hereby consents to the Sale Transaction in accordance with the terms of the Purchase Agreement.

Waiver. Lender hereby agrees to waive Borrower's compliance with the following covenant set forth in the letter agreement dated September 14, 1999:

"For the period August 1, 1999 through January 31, 2000, LanVision will execute new software license contracts, either directly or indirectly, through LanVision's distribution partners, with a net software value to LanVision of at least One Million Five Hundred Thousand and 00/100 Dollars ($1,500,000.00)."

Amendments to Loan Agreement. The following amendments shall be made to the terms of the Loan Agreement:

Definitions. Section 1.1 of the Loan Agreement shall be amended to add the following definitions:

"EBIT" for any period shall mean, without duplication (i) net income (or net loss) of the Borrower for such period determined in accordance with GAAP; plus (ii) for such period any Interest Expense deducted in the determination of net income; plus (iii) any income and franchise taxes paid in cash and included in the determination of net income.

"Interest Expense" means, for any period, the total amount of all charges for the use of funds (whether characterized as interest, debt service or otherwise) payable during such period with respect to all Indebtedness for borrowed money of Borrower for such period.

"Sale Transaction" means the transactions contemplated by that certain Asset Purchase Agreement between LanVision, Inc. and Smart Professional Photocopy Corporation dated as of January 20, 2000.

Proceeds from Sale Transaction. A new Section 5.18 shall be added to the Loan Agreement to read as follows:

"Section 5.18 Proceeds from Sale Transaction. Borrower shall apply, or cause to be applied, the Net Proceeds received from the Sale Transaction, to increase the minimum cash balance and investment requirements contained in Section 6.7 of the Loan Agreement. For purposes of this Section 5.18, "Net Proceeds" shall mean the gross cash proceeds received from the Sale Transaction less the following transaction costs: (a) fees and costs in the approximate amount of Sixty-Three Thousand and 00/100 Dollars ($63,000.00) related to the Oracle software license, (b) the reasonable fees and costs of attorneys in the approximate amount of Sixty Thousand and 00/100 Dollars ($60,000.00), and (c) other fees and expenses, if any, separately agreed to by Lender, not to exceed the amount of Seventy-Five Thousand and 00/100 Dollars ($75,000.00)."

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 Computation Date set forth below, the Borrower shall not permit its total cumulative revenues (calculated for the period of time beginning on February 1, 2000 through such Computation Date) to be less than the minimum amount set forth below:

COMPUTATION DATE	MINIMUM CUMULATIVE REVENUES
April 30, 2000	$ 1,800,000.00
July 31, 2000	$ 5,000,000.00
October 31, 2000	$ 8,000,000.00
January 31, 2001	$11,000,000.00

(b) Minimum EBIT. On each Computation Date set forth below, the Borrower shall not permit its total cumulative EBIT (calculated for the period of time beginning on February 1, 2000 through such Computation Date) to be less than the minimum amount set forth below:

COMPUTATION DATE	MINIMUM CUMULATIVE EBIT
April 30, 2000	($1,000,000.00)
July 31, 2000	($ 700,000.00)
October 31, 2000	Break Even
January 31, 2001	$ 500,000.00

Borrower and Lender shall amend this Agreement on or before February 28, 2001, to provide covenant compliance (at minimum levels acceptable to Lender) under Sections 6.4(a) and 6.4(b) above for April 30, 2001 and each Computation Date thereafter."

Net Worth. Section 6.5 of the Loan Agreement shall be amended in its entirety to read as follows:

"Section 6.5 Net Worth. At all times during the term of this Agreement, Borrower shall maintain a minimum Net Worth of Two Million and 00/100 Dollars ($2,000,000.00)."

Minimum Cash and Investments. 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 maintain on its balance sheet total cash and investments (as described in Section 6.10(b)) of at least Two Million Seven Hundred Thousand and 00/100 Dollars ($2,700,000.00); provided, that upon consummation of the Sale Transaction, Borrower shall at all times thereafter maintain on its balance sheet total cash and investments (a described in Section 6.10(b)) of at least Four Million Four Hundred Thousand and 00/100 Dollars ($4,400,000.00) and as increased by any cash payments received by Borrower under that certain Promissory Note from Smart beginning with the first monthly installment due thereunder on March 1, 2000."

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 and 6 thereof, as if fully set forth herein, except to the extent modified by this Amendment.

Remainder of page intentionally left blank. Signature page follows.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Loan Agreement as of the 11th. day of February, 2000.

LENDER:

THE HILLSTREET FUND, L.P.

By: HillStreet Capital, Inc.
Its: Investment Manager

By: / s / Chris Meininger

Christian L. Meininger, President

Date:

BORROWER:

LANVISION SYSTEMS, INC.

By: / s / J. Brian Patsy

J. Brian Patsy, President and Chief Executive Officer

Date: 2/11/00

Exhibit 10.13(c)
LANVISION SYSTEMS, INC.

LEASE TERMINATION AGREEMENT

LEASE TERMINATION AGREEMENT

SEW/ALC/nm
4/13/00

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT ("Agreement") is executed this 21 day of February, 2000, by and between DUKE-WEEKS REALTY LIMITED PARTNERSHIP, an Indiana limited partnership ("Landlord"), and LANVISION, INC., an Ohio corporation ("Tenant").

WHEREAS, Duke Realty Limited Partnership, as predecessor in interest to Landlord, and Tenant entered into a certain lease dated September 23, 1997, as amended January 16, 1998 (collectively, the "Lease") whereby Tenant leased from Landlord certain premises consisting of approximately 9,200 rentable square feet of space (the "Leased Premises") in a building commonly known as 4700 Governor's Pointe, located at 4700 Duke Drive, Suite 170, Mason, Ohio 45040; and

WHEREAS, Landlord and Tenant desire to terminate and cancel the Lease and to release each other from their respective obligations under the Lease as provided herein, and to release the Guarantor, LanVision Systems, Inc., from its obligations under the Unconditional Guaranty of Lease dated September 23, 1997 (the "Guaranty");

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and each act performed hereunder by the parties, Landlord and Tenant hereby enter into this Agreement.

1. Provisions Respecting Termination of Lease. Tenant shall pay to Landlord the sum of Thirteen Thousand Seven Hundred Seventy-four Dollars and Four Cents ($13,774.04) (the "Termination Fee") in immediately available funds. The Termination Fee shall accompany the delivery of Tenant's executed copy of this Agreement to Landlord and the Lease shall be terminated and cancelled as of 11:59 p.m. January 31, 2000 (the "Termination

Date"). Tenant shall surrender possession of the Leased Premises on or before the Termination Date in accordance with the terms of the Lease.

2. Release Upon Agreement. Upon the Termination Date, Landlord and Tenant shall be released and discharged from their respective obligations under the Lease, and neither party shall have any further liability under the Lease, excluding, however, the obligations of Tenant attributable to any period of the Lease on or prior to the Termination Date (including without limitation the payment of Minimum Annual Rent and Additional Rent, including the year-end reconciliation with respect to Operating Expenses for the calendar year 1999) and any obligations of Tenant under the Lease which survive termination thereof. In addition, subject to the terms hereof, as of the Termination Date, the Guarantor shall be released from its obligations under the Guaranty.

3. Contingency. This Agreement is contingent upon Landlord entering into a lease for the Leased Premises commencing on or before February 1, 2000, such lease to be on terms satisfactory to Landlord, in its sole discretion. In the event this contingency is not satisfied, upon written notice from Landlord, this Agreement shall be void and of no further force or effect, and the Lease shall continue notwithstanding this Agreement.

4. Default. In the event Tenant fails to pay the Termination Fee, or pay within thirty (30) days of receipt of the statement from Landlord regarding the year-end reconciliation with respect to Operating Expenses for the calendar year 1999, or surrender the Leased Premises as provided in Paragraph 1 above, Landlord shall have the option of (i) declaring this Agreement void, in which event the Lease shall remain in full force and effect, or (ii) enforcing this Agreement. In either case, Landlord shall be entitled to reimbursement from Tenant for Landlord's attorneys' fees, court costs and all other damages resulting from Tenant's breach.

5. Successorship. This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns.

6. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio.

EXECUTED as of the date set forth above.

LANDLORD:

WITNESSES:

DUKE-WEEKS REALTY LIMITED PARTNERSHIP,
an Indiana limited partnership

/s/ Nichole S. Cindric
- ----------------------
Nichole S. Cindric
- ----------------------
(Printed)

By: Duke-Weeks Realty Corporation,
its general partner

/s/ Naomi Gump
- ----------------------
Naomi Gump
- ----------------------
(Printed)

By: /s/ Kenneth A. Schuermann

Kenneth A. Schuermann
Senior Vice President

TENANT:

WITNESSES:

LANVISION, INC., an Ohio corporation

/s/ Robin Ritchie Neuber
- ------------------------
Robin Ritchie Neuber
- ------------------------
(Printed)

By: /s/ Eric Lombardo

/s/ Joseph O. Brown, II
- ------------------------
Joseph O. Brown, II
- ------------------------
(Printed)

Printed: Eric Lombardo

Title: EXEC. VP

STATE OF OHIO)
) SS:
COUNTY OF HAMILTON)

Before me, a Notary Public in and for said County and State, personally appeared Kenneth A. Schuermann, by me known and by me known to be the Senior Vice President of Duke-Weeks Realty Corporation, an Indiana corporation, general partner of Duke-Weeks Realty Limited Partnership, an Indiana limited partnership, who acknowledged the execution of the foregoing "Lease Termination Agreement" on behalf of said partnership.

WITNESS my hand and Notarial Seal this 21 day of February, 2000.

/s/ Nichole S. Cindrick

Notary Public

(Printed Signature)

My Commission Expires: (SEAL)

My County of Residence: Warren Nichole S. Cindric
------------ Notary Public, State of Ohio
My Commission Expires
January 12, 2003

STATE OF Ohio)

) SS:
COUNTY OF Warren)

Before me, a Notary Public in and for said County and State, personally appeared Eric Lombardo, by me known and by me known to be the Exec. VP of LanVision, Inc., an Ohio corporation, who acknowledged the execution of the foregoing "Lease Termination Agreement" on behalf of said corporation.

WITNESS my hand and Notarial Seal this 31 day of January, 2000.

/s/ Melissa Vincent

Notary Public

Melissa Vincent

(Printed Signature)

My Commission Expires: Melissa Vincent
----------------- Notary Public, State of Ohio

My County of Residence: My Commission Expires June 8,2004

Exhibit 11.1
LANVISION SYSTEMS, INC.

STATEMENT REGARDING COMPUTATION OF PER SHARE EARNINGS

	Fiscal Year		
	1999	1998	1997
Net (loss)	$ (3,247,073)	$ (10,925,970)	$ (12,669,451)
Average shares outstanding	8,827,055	8,811,019	8,827,478
Stock options:			
Total options	--	--	--
Assumed treasury stock buyback	--	--	--
Warrants assumed converted	--	--	--
Convertible redeemable preferred stock assumed converted	--	--	--
Number of shares used in per common share computation	8,827,055	8,811,019	8,827,478
Basic net (loss) per share of common stock	$ (.37)	$ (1.24)	$ (1.44)
Diluted net (loss) per share of common stock	$ (.37)	$ (1.24)	$ (1.44)

The diluted net (loss) per common share calculation, in fiscal 1999, 1998 and 1997, excludes the effect of the Stock Options and Warrants, as the inclusion thereof would be antidilutive.

Exhibit 13.1
LANVISION SYSTEMS, INC.

ANNUAL REPORT TO STOCKHOLDERS

LanVision Systems, Inc.

1999 Annual Report

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

[Company Logo]

TABLE OF CONTENTS

- --

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.

STOCK PRICES

- --

	Fiscal Year 1999 HIGH	LOW	CLOSE
1st Quarter	$ 5.625	$ 1.250	$ 1.750
2nd Quarter	2.000	1.000	1.000
3rd Quarter	1.375	0.500	0.750
4th Quarter	6.250	0.438	1.250

	Fiscal Year 1998 HIGH	LOW	CLOSE
1st Quarter	$ 5.875	$ 3.625	$ 4.500
2nd Quarter	4.625	2.500	3.000
3rd Quarter	3.375	0.875	1.250
4th Quarter	3.250	0.906	2.719

CORPORATE PROFILE

- --

LanVision is an E-Health Application Service Provider and leading supplier of Healthcare Information Access Systems 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 solutions enable the coordination of both "structured" and "unstructured" patient data through a single healthcare information repository. The Company's products are complementary to existing clinical and financial systems, and use document imaging and workflow tools to ensure end users can electronically access all the various forms of healthcare information including clinician's handwritten notes, lab reports, photographs, insurance cards, etc. LanVision's E-Health 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 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.

LanVision(TM)
Healthcare Information Access Systems

LETTER TO STOCKHOLDERS

- --

Dear Stockholder:

Fiscal 1999 was a year of tremendous challenge, opportunity and accomplishment for LanVision. I am pleased to report that we have made significant progress toward our goal of becoming a leading E-Health Application Service Provider (ASP), while also strengthening our balance sheet and positioning the Company for a return to profitability.

Fiscal 1999 was a challenging year for LanVision as much of the marketplace was preoccupied with Year 2000 computer software compliance issues. As a result, revenues for the year, which approximated $10.5 million, were adversely affected by a decline in new systems sales. However, the Company's operating results, before other income and expense, significantly improved by approximately $7.9 million compared with the prior year, as a result of stringent cost controls and improved operating margins.

During 1999, LanVision achieved several significant milestones. We completed the integration of our Electronic Medical Record (EMR) suite of products with the Shared Medical Systems Corporation's (SMS)(R) NOVIUS(R) imaging application suite, and SMS's first two customers began successfully using the integrated solution in high volume production environments. Both SMS customers were converted from a competitor's EMR solution to the LanVision/SMS solution, and one is effectively accessing over 15 million pages of historical patient information on-line. Also, SMS signed an additional four new agreements in fiscal 1999. Management expects revenues from SMS to continue to grow as they begin to more widely distribute our products throughout their customer and prospect base.

In addition, another significant milestone was achieved in 1999, when our second Virtual Healthware Services division client went on-line. This was an existing EMR software licensee that recognized the tremendous benefit of LanVision's E-Health ASP offering. The accomplishment of this milestone reinforced our belief that a substantial opportunity exists for LanVision, as an E-Health ASP, to fundamentally change the way healthcare information is processed and shared. The strength, responsiveness and extensive use of our system was evidenced by the fact that within the first few months of use, the customer exceeded one million E-Health transactions per month, accessing over 27 million pages of historical patient information.

In February, 2000 we announced the sale of our centralized data center for $2.9 million, generating a gain of approximately $1.4 million. This transaction provided several benefits by allowing us to improve our liquidity, decrease ongoing operating expenses, and reduce the risks associated with operating a data center. Although we sold the data center assets, we plan to increase our focus on expanding Web-based E-Health ASP services offered by our Virtual Healthware Services division. Under a fee for service arrangement, LanVision will continue to use the data center to service current and future customers. Additionally, LanVision intends to continue to increase revenues through expanded access to its E-Health software applications through other data center service providers.

Over the last several years, we have made considerable investments in our product line and Web-based technologies. Our customers are enjoying significant operating success with our products while improving patient care. Our Web-based solutions are scalable from a small physician practice to the largest integrated healthcare networks. Web access to the entire medical record, from virtually anywhere, improves physician productivity through efficient and timely communication of clinical information, reduces costs and improves the overall quality of patient care. Our Web-based technology positions the Company to take full advantage of promising market opportunities relating to the use of the Internet/Intranet as an important new medium to collect and distribute healthcare information.

We continue to look for ways to broaden the distribution of our products by pursuing strategic business alliances with traditional Healthcare Information Systems companies, emerging healthcare Internet Service Providers, and other Application Service Providers.

We believe LanVision is built on a solid foundation, with highly evolved and technologically advanced products that are successfully installed in an impressive list of satisfied customers. We approach the future with enthusiasm and confidence that the year 2000 will continue to reflect significantly improved operating results.

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

HEALTHCARE INDUSTRY TRENDS

In the year 2000 and beyond, the expansion of managed care and the acceptance of capitated, risk-based contracts by physicians, physician networks and hospitals will continue to increase the demand for, and importance of, timely clinical and financial information. As a result of these industry dynamics, there will be a vital need to communicate this information efficiently among providers and payers. Healthcare providers are adopting a distributed healthcare strategy in order to ensure that healthcare delivery occurs at the most cost-effective healthcare facility, with a goal to achieve an overall reduction in total healthcare costs. To effectively deploy this strategy, however, providers must be able to simultaneously share healthcare and related financial information among the affiliated hospitals, clinics and physician practices.

Unfortunately, many healthcare providers have not invested the resources necessary to upgrade their information systems to support these 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 the alternative 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 the healthcare industry through what is commonly referred to as E-Health.

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 E-Health utilizing the Internet 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. These technical barriers are diminishing for several reasons:

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

THE E-HEALTH 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. This centralized electronic repository will represent a critical E-Health 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

(Health Insurance Portability and Accountability Act) dictate changes in how organizations manage patient information, the new secure Web-based technologies will prevail as the only viable 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 via standard Web browsers via the Internet or a private network.

The benefits of the E-Health approach to 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 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
- empowers physicians and patients to easily share the information with others in the healthcare continuum.

A substantial opportunity exists for LanVision, as an E-Health Application Service Provider (ASP) to fundamentally change the way healthcare information is processed and shared. The ASP's that are first to deliver both structured and unstructured data with ease and to provide access to all forms of healthcare information from standard Web browsers will have distinct competitive advantages in the rapidly growing E-Health marketplace.

LANVISION PRODUCTS

LanVision products are built using advanced document imaging/management and workflow automation technology. 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.

WEBVIEW - Web-enabling Tool

The Internet, "thin client" workstations and Web-enabled applications have generated enormous excitement in the world of Healthcare Information Systems. Their potential positive impact on the computerized patient record and document imaging is just now being realized. The Company believes these new technologies will combine to create sweeping changes in the way healthcare institutions manage, distribute and view their healthcare information. WebView utilizes the Internet/Intranet to allow remote users to easily access an integrated computerized patient record and document imaging system residing in a complete Electronic Medical Record from virtually anywhere. The more important benefits include:

- significantly lower maintenance and staff costs;
- lower data center investment and operating costs;
- the ability to seamlessly image-enable existing clinical, billing or other third-party information systems; and
- a higher degree of desktop integration.

WebView uses a familiar Internet browser "look and feel" and combines the platform-independent technologies, open standards and "network-centric" architecture of the Internet with the Company's robust application suites. As an intuitive, flexible, cost-effective, and scaleable product, WebView provides organizations with a "technology bridge" connecting the Company's application suites with innovative Internet/Intranet technologies.

OMNIVISION - Image-Enabling Tool

LanVision provides 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 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 OmniVision image-enabling tool includes a full automation interface using Object Linking and Embedding and Component Object Modeling standards that allow third-party products to easily make calls to OmniVision. OmniVision is in production in several large-scale, enterprise-wide applications, including over 2,000 workstations at Memorial Sloan-Kettering Cancer Center.

(CHARTVISION SUITE ICON GRAPHIC)

THE CHARTVISION APPLICATION SUITE......a highly evolved Electronic Medical Record application

The ChartVision application suite provides physicians, clinicians and information management professionals throughout the healthcare enterprise with immediate and simultaneous access to the complete patient record. ChartVision is a highly evolved Electronic Medical Record application suite that provides streamlined processing and fast, easy access to all forms of healthcare information regardless of source. The ChartVision application suite includes the following modules:

On-Line Chart Completion (OCC)
Automates the identification of deficiencies in patient charts and electronically routes the incomplete documents to the appropriate medical and administrative personnel for on-line processing, chart completion, electronic signature and reporting. OCC includes proprietary embedded LanVision workflow software, which provides a significant cost advantage over alternative third-party workflow software when deployed throughout the healthcare enterprise.

Enterprisewide Correspondence (EWC)
Fulfills internal and external requests for information and allows for automatic invoicing capability. EWC also provides the ability to electronically search for, print, mail or fax information to third parties that request copies of patient records. EWC is compatible with third-party workflow software such as Eastman Workflow.

On-Line Registration Processing
Provides an interactive, electronic pen-based module that allows patients to read, edit and sign consent forms and other documents on a portable tablet device. The forms are automatically filed in the patient's electronic folder.

(ACCOUNTVISION ICON GRAPHIC)

THE ACCOUNTVISION APPLICATION SUITE.....a Patient Financial Services application

A new version of the AccountVision application suite, a Patient Financial Services application, is under development. AccountVision enables hospitals and integrated delivery networks to streamline their business services operations by tracking patients from pre-admission and registration through account follow-up and final payment. AccountVision facilitates improved communications by providing immediate and simultaneous access to documents thus promoting prompt responses to patient and third-party inquiries concerning the patient bill and other correspondence. AccountVision's electronic financial folder concept closely integrates patient and non-patient documents to substantially improve productivity in a variety of areas, including secondary billing and claims follow-up. Utilizing the latest workflow technologies,

AccountVision helps clients actively manage work in process by monitoring staff workloads, reassigning work to avoid backlogs and focusing work on appropriate revenue-producing tasks.

The AccountVision suite offers a unified database for patient folders (Medical Records) and non-patient folders (Patient Financial Services). The AccountVision application suite includes "Remittance Processing" which is a computer aided data entry application that applies optical character recognition and form recognition/processing technologies to automatically extract payment amounts and calculates adjustments from third-party payer remittance documents.

ACCESSANYWARE

The accessANYware product is an entirely new offering under development that combines the features of the Company's entire product portfolio into a common Graphical User Interface and offers the additional benefit of a unified database for efficient system administration and elimination of redundant data entry.

THE FOUNDATION SUITE

In 1999, LanVision introduced a new foundational architecture for its products called Foundation Suite. It is a robust 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 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,
- full audit trails and reporting of every record viewed, printed, faxed, processed or unauthorized login attempts at the patient encounter or document level.

(VHS ICON GRAPHIC)

VIRTUAL HEALTHWARE SERVICES - VHS

Virtual Healthware Services became operational in April, 1998, to give healthcare providers an even more cost-effective solution to manage patient information. Through its use of Internet/Intranet technology, VHS 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. VHS delivers document imaging/management and workflow 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 enterprisewide, secure access to healthcare information.

PROFESSIONAL SERVICES

LanVision provides a full complement of professional services to implement its software applications. The Company 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 development and custom report development.

SELECTED FINANCIAL DATA

OPERATING STATEMENT DATA:	Fiscal Year(1) 1999	1998	1997	1996	1995
	(In thousands, except per share data)				
Total revenues	$ 10,471	$ 12,010	$ 8,676	$ 10,310	$ 5,019
Total operating expenses	13,054	22,470	22,493	16,271	5,324
Operating (loss)	(2,583)	(10,460)	(13,818)	(5,961)	(306)
Net (loss)	(3,247)	(10,926)	(12,669)	(4,669)	(326)
Basic and diluted net (loss) per share of common stock	$ (.37)	$ (1.24)	$ (1.44)	$ (.56)	$ (.05)
Shares used in computing per share data	8,827	8,811	8,827	8,284	6,190

BALANCE SHEET DATA:	Fiscal Year(1) 1999	1998	1997	1996	1995
	(In thousands)				
Cash, cash equivalents and investment securities	$ 5,412	$ 5,445	$ 11,052	$ 26,592	$ --
Working capital (deficiency)	6,149	7,290	7,141	17,864	(81)
Total assets	14,719	17,485	22,200	33,300	3,046
Convertible redeemable preferred stock	--	--	--	--	850
Total stockholders' equity (deficit)	2,613	5,847	16,816	29,921	(646)

(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.

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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 the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Company's future development efforts involve a high degree of risk, and the Company 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 E-Health Application Service Provider and leading supplier of Healthcare Information Access Systems 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. The Company's products are complementary to existing clinical and financial systems, and use document imaging and workflow tools to ensure end users can electronically access all the various forms of healthcare information including clinician's handwritten notes, lab reports, photographs, insurance cards, etc. LanVision's E-Health 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 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. The Company'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. The Company 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, the Company'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, the Company has integrated its products with selected systems from Shared Medical Systems Corporation, Cerner Corporation, IDX Systems Corporation, and Oacis Healthcare Holdings Corp. 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. The Company'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, the Company has derived its revenues from system sales involving the licensing of its Electronic Medical Record solution to Integrated Healthcare Delivery Networks ("IDN"). In a typical transaction, the Company enters into a perpetual license for the Company's Electronic Medical Record software suite and licenses or sells other third party software and hardware components to the IDN. Additionally, the Company provides professional services, including implementation, training and product support.

With respect to systems sales, the Company earns its highest margins on proprietary LanVision software 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 are expected to fluctuate based upon the negotiated terms of the agreement with each customer and the Company's ability to fully utilize its professional services, maintenance and support services staff.

Beginning in 1998, the Company began offering customers the ability to obtain its Electronic Medical Record solution on a service bureau/E-Health basis. The Company's Virtual Healthware Services ("VHS") division established a centralized data center and installed the Company's Electronic Medical Record suite within the data center. Under this arrangement, customers electronically capture information and transmit the data to the centralized data center. The VHS division stores and manages the data using LanVision's Electronic Medical Record suite, and customers can view, print or fax the information from anywhere using the LanVision Web-based applications.

VHS charges and recognizes revenue for these E-Health services on a per transaction basis as information is captured, stored, and retrieved.

In February, 2000, the Company sold its centralized data center for $2,900,000. Simultaneous therewith, the Company entered into a service agreement with the buyer. Under the terms of this service agreement, in exchange for processing fees, the Company will continue to use the data center to provide outsourcing services to LanVision's current and future customers. Although LanVision sold the data center assets, the Company does intend to continue to market its E-Health solutions. The Company will provide these solutions by continuing to use the data center and by using other data center service providers.

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, the Company 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 the Company's proprietary software and third-party software with a one-time perpetual license fee that is adjusted depending on the number of workstations using the software. Third-party hardware is usually 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.

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

The Company's VHS E-Health/Application Service Provider 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 such services on a transaction basis, and the centralized data center application is operated and maintained by LanVision personnel and/or its agents. In 1999, VHS 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 System. Management believes more IDN's will begin to look for this type of E-Health application. Additionally, the Company believes its business model is especially well suited for the ambulatory marketplace. LanVision is actively pursuing remarketing agreements with Healthcare Information Systems providers to distribute the Company's E-Health solutions.

In 1998, the Company entered into a Remarketing Agreement with Shared Medical Systems Corporation ("SMS"). 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, the Company may terminate the SMS Remarketing Agreement.

Under the terms of the agreement, SMS remits royalties to LanVision based upon SMS sublicensing the Company'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 statement. The remaining 75% of the royalty is due upon SMS's shipment of software to the end user. LanVision records this revenue when the 75% payment due from SMS is fixed and determinable, which is generally when the software is shipped to the end user.

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)		
	1999	1998	1997
Systems sales	33.5%	46.1%	46.4%
Services, maintenance and support	63.0	46.4	53.6
Service bureau operations	3.5	7.5	--
Total revenues	100.0	100.0	100.0
Cost of sales	60.3	84.8	87.4
Selling, general and administrative	43.7	65.4	107.8
Product research and development	20.7	31.1	64.0
Restructuring expense	--	5.8	--
Total operating expenses	124.7	187.1	259.2
Operating (loss)	(24.7)	(87.1)	(159.2)
Other income (expense), net	(6.3)	(3.9)	13.2
Net (loss)	(31.0)%	(91.0)%	(146.0)%
Cost of systems sales	22.5%	31.7%	60.7%
Cost of services, maintenance and support	60.7%	99.5%	110.6%
Cost of service bureau operations	411.2%	320.5%	--

(1) Because a significant percentage of the Company's 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 of the Company nor are they necessarily indicative of the future operations of the Company. 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 of the Company commencing on February 1 of that calendar year and ending on January 31 of the following year.

COMPARISON OF FISCAL YEAR 1999 WITH 1998

REVENUES. Total revenues in fiscal year 1999 were $10,471,143 compared with revenues of $12,010,011 in fiscal year 1998, a decrease of $1,538,868 or 13%. Revenues from systems sales in fiscal 1999 were $3,510,098, a decrease of $2,031,128 or 37%, over systems sales in fiscal 1998. In fiscal 1999, the Company had no new direct sales customers as most hospitals deferred purchases while completing Year 2000 compliance issues. In fiscal 1998, two new customers accounted for $1,848,874 of systems sales.

Systems sales from our remarketing partner, Shared Medical Systems Corporation, were $1,142,420 in fiscal 1999 compared with $691,809 in fiscal 1998. The remaining balance of fiscal 1999 systems sales were to existing clients from fulfillment of backlog and add-on business. Revenues from services, maintenance and support in fiscal 1999 were $6,592,266, an increase of $1,018,416, or 18%, over fiscal 1998. Maintenance revenues in fiscal 1999 were $3,264,315, an increase of $509,301, or 18%, over maintenance revenues in fiscal 1998. The increase in maintenance revenues in fiscal 1999 is primarily due to new installations in 1998 and expanded installations in 1999. Professional services revenues in fiscal 1999 were $3,327,951, an increase of $509,115, or 18%, over professional services revenues in fiscal 1998. The increase is directly related to implementation of new versions of software to achieve Year 2000 compliance and project management performed for Shared Medical Systems Corporation. Revenue from service bureau operations declined $526,156 due to the termination of one contract. In fiscal 1999, three customers accounted for 28% of the Company's total revenues compared with 27% in fiscal 1998, exclusive of SMS.

Revenues for fiscal year 1999 and 1998 have been less than the Company's plan for each year. The shortfall in revenues occurred for a variety of reasons. First, the healthcare industry has not moved forward as quickly as the Company and many others anticipated. For years, healthcare institutions spent significantly less on information systems than other industries. However, despite the need to catch up, existing Healthcare Information Systems ("HIS") personnel are only able to absorb so much new technology. There was a significant amount of new technology to assess, and there were wide differences of opinions on how to prioritize the many information technology projects. Many institutions began by replacing their clinical systems, and looked at the Electronic Medical Record ("EMR") as a secondary priority. Consequently, the Company experienced very long sales cycles, and many cycles ended in no decision. Additionally, in 1998 and 1999, many healthcare organizations were preoccupied with Year 2000 compliance remediation for existing systems and deferred purchase decisions on new systems. Buying decisions at certain hospitals and integrated healthcare delivery networks are influenced by the recommendations of the largest Healthcare Information Systems vendors, including: Shared Medical Systems Corporation, McKesson HBOC, Inc., Cerner Corporation, IDX Systems Corporation, Eclipsys Corporation, etc. It has been difficult for companies with relatively small sales forces to influence the buying decisions as effectively as the major HIS vendors. Prior to the Company's agreement with SMS, the Company's products were not actively promoted by any of the five largest HIS vendors.

A Remarketing Agreement with SMS was signed in 1998, and throughout fiscal 1998 and 1999 LanVision and SMS have integrated the LanVision product line with the SMS NOVIUS product and trained SMS personnel. During 1998 and 1999, SMS marketed the Company's products on a limited basis through their specialized document imaging sales force. SMS successfully closed four new agreements for LanVision's products in 1999 and four in 1998. During 1999, the Company completed the integration of its product with the SMS NOVIUS product line, and SMS's first two Beta customers began production with the integrated solution. The eight contracts sold represent $2,817,847 in systems sales. Approximately $1,142,000 and $692,000 of revenue was recognized in 1999 and 1998, respectively and $983,617 of revenue has been deferred until SMS ships the products to its end users. Management believes a greater percentage of its future revenues will come from Remarketing Agreements with SMS and other HIS vendors. Management is actively pursuing Remarketing Agreements with additional HIS vendors.

Management 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. As more companies demonstrate the significant economic and operating benefits of the EMR and other imaging/management and workflow applications, management believes the future demand for the Company's products and services will increase.

Recently, new E-Health companies, such as Healtheon/WebMD Corporation and MedicaLogic 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. The Company's applications are well suited for the Internet and private Intranets and, through its VHS division, customers can rapidly deploy and access healthcare information using Web-based technology from a central data center on a per transaction fee basis. Management believes healthcare organizations will increase their use of healthcare applications through the Internet, and the Company's products are an integral part of providing a complete computer based patient record across the Internet. The Company is actively pursuing strategic relationships with other healthcare Internet Solution Providers.

COST OF SALES. Cost of sales consists of cost of systems sales, cost of services, maintenance and support and cost of service bureau operations. Cost of systems sales includes amortization of capitalized software costs, royalties and cost of third-party software and hardware. Cost of systems sales, as a percentage of systems sales, will vary from period to period depending on the hardware and software configuration of the systems sold. The costs of systems sales as a percentage of revenues in fiscal 1999 and 1998 were 23% and 32%, respectively. The lower costs in 1999 reflect a higher mix of LanVision software with higher margins relative to the third-party hardware and software components with lower margins and higher costs. 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 1999 and 1998 were 61% and 100%, respectively. The improvement is primarily due to reduced staffing and improved efficiency. The cost of service bureau operations represents the depreciation of equipment and the personnel and other operating costs necessary to operate the central data center.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expenses consist primarily of personnel and related costs, travel and living expenses, advertising, trade shows, brochures, etc. for selling and marketing activities and general corporate and administrative activities. In fiscal 1999, selling, general and administrative expenses were $4,577,853 compared with $7,860,031 in fiscal 1998. The decrease in fiscal 1999 is primarily attributable to a reduction in staff and the associated occupancy, travel and living costs and trade shows, etc.

PRODUCT RESEARCH AND DEVELOPMENT. Product research and development expenses in fiscal 1999 were $2,166,441 compared with $3,740,215 in fiscal 1998. The fiscal 1999 decrease reflects the use of significantly fewer outside contractors and reduced staffing levels as a result of the Company completing major development projects and a deliberate effort to bring costs more in line with revenues. During 1999, the Company placed new releases of ChartVision, On-Line Chart Completion, Enterprisewide Correspondence, OmniVision, WebView, and Foundation Suite into production. The software development and quality assurance staff averaged seventeen employees in 1999 compared with an average of twenty-five employees in 1998. The Company capitalized $300,000 in product research and development costs in fiscal 1999 and $396,000 in 1998.

OTHER INCOME (EXPENSE). Interest income in fiscal 1999 and 1998 consisted primarily of interest and gains on the sale of investment securities in 1998. The decrease is due primarily to less interest on fewer investments as securities were sold to fund operations. Other, net includes approximately $1,100,000 related to a contract settlement with a customer. Interest expense in 1999 and 1998, is related to the Company's $6,000,000 in outstanding long-term debt.

Provision for Income Taxes. The Company is in a tax loss carryforward position, and is unable to recognize a tax benefit for losses because the realization of a tax benefit for such losses is not assured. The tax loss carryforward approximates $28,800,000.

NET LOSS. The Company's net loss in fiscal 1999 was $3,247,073 compared with $10,925,970 in fiscal 1998. Fiscal 1999 net loss per share was $.37 compared with a net loss per share in fiscal 1998 of $1.24. The $7,678,897 decrease in the fiscal 1999 net loss compared with 1998, results primarily from the reduction in operating expenses.

Since commencing operations in 1989, the Company has incurred substantial operating losses. Although the Company achieved profitability in fiscal years 1992 and 1993, the Company incurred a net loss in fiscal years 1994 through 1999. Based upon the expenses associated with current and planned staffing levels, profitability is dependent upon increasing revenues. There can be no assurance that the Company 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. Management believes historical operating results are not indicative of the future performance of the Company in the long-term.

BACKLOG. At January 31, 2000, the Company has master agreements or purchase orders for systems and related services (excluding support and maintenance, and transaction-based revenues for the VHS service bureau), which have not been delivered, installed and accepted which, if fully performed, would generate future revenues of approximately $4,551,000. 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 1999, maintenance and support revenues approximated $3,264,000 and are expected to increase in fiscal 2000. Furthermore the VHS division has entered into a service bureau agreement which is expected to generate revenues in excess of $2,000,000 over the remaining four-year life of the contract.

YEAR 2000 COMPLIANCE. The Year 2000 compliance issue is the result of computer programs being written using two digits rather than four digits to define the applicable year. Any of the Company's internal use computer programs and hardware as well as its software products that are date sensitive may recognize a date using "00" as the Year 1900 rather than the Year 2000, which could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions or engage in normal business activities for both the Company and its customers who rely on its products.

As previously reported, the Company completed, prior to the year-end, correcting and testing Year 2000 compliance issues related to its internal use software and hardware and the Company's products, including third-party software components offered for resale. No significant issues resulted from the change in the year, and all Company systems and customer systems, using the Company's software products, continued to operate, at full production levels into the Year 2000.

COMPARISON OF FISCAL YEAR 1998 WITH 1997

REVENUES. Total revenues in fiscal year 1998 were $12,010,011 compared with revenues of $8,675,748 in fiscal year 1997, an increase of $3,334,263, or 38%. Revenues from systems sales in fiscal 1998 were $5,541,226, an increase of $1,513,519, or 38%, over systems sales in fiscal 1997. In fiscal 1998, two new customers accounted for $1,848,874 of systems sales. In 1997, five new customers accounted for approximately $3,000,000 of systems sales. In 1998, systems sales from fulfillment of backlog and add-on business to existing customers approximated $3,000,000 compared with $1,000,000 in 1997. Revenues from services, maintenance and support in fiscal 1998 were $5,573,850, an increase of $925,809, or 20%, over fiscal 1997. Maintenance revenues in fiscal 1998 were $2,755,014, an increase of $604,244, or 28%, over maintenance revenues in fiscal 1997. The increase in maintenance revenues in fiscal 1998 is primarily due to new installations in 1997 and 1998 and the purchase of support services by these customers subsequent to the warranty period. Professional services revenues in fiscal 1998 were $2,818,836, an increase of $321,565, or 13%, over the professional services revenues in fiscal 1997. The increase is directly related to the increasing customer base. Revenue from the service bureau operations, a new activity in fiscal 1998, was $894,935. Almost all of this revenue was from one customer. The three new agreements and the one new service bureau customer in fiscal 1998 contributed $3,723,684 of revenues in fiscal 1998. The eight new agreements signed in fiscal 1997, contributed $4,272,118 of revenues in fiscal 1997. In fiscal 1998, three customers accounted for 27% of the Company's total revenues. In fiscal 1997, three customers accounted for 38% of the Company's total revenues.

COST OF SALES. Cost of sales consists of cost of systems sales, cost of services, maintenance and support and cost of service bureau operations. Cost of systems sales includes amortization of capitalized software costs, royalties and cost of third-party software and hardware. Cost of systems sales, as a percentage of systems sales, will vary from period to period depending on the hardware and software configuration of the systems sold. The costs of systems sales as a percentage of revenues in fiscal 1998 and 1997 were 32% and 61%, respectively. The lower costs in 1998 reflect a higher mix of LanVision software with higher margins relative to the third-party hardware and software components with lower margins and higher costs. 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 1998 and 1997 were 100% and 111%, respectively. The improvement is primarily due to reduced staffing and improved efficiency. Costs equal or exceed revenues in both years for several reasons, including the fact that professional services personnel spend a portion of their time on non-billable activities such as the development of training courses and certain client management functions. Additionally, certain implementations have taken more effort than originally estimated and the additional time was non-billable. The cost of service bureau operations represents the depreciation of equipment, and the personnel and other operating costs necessary to operate the central data center and remote scanning centers.

SELLING, GENERAL AND ADMINISTRATIVE. Selling, general and administrative expenses consist primarily of personnel and related costs, travel and living expenses, advertising, trade shows, brochures, etc. for selling and marketing activities and general corporate and administrative activities. In fiscal 1998, selling, general and administrative expenses were $7,860,031 compared with $9,356,723 in fiscal 1997. The decrease in fiscal 1998 is primarily attributable to a reduction in staff and the associated occupancy, travel and living costs, etc. In 1998, the Company's selling, general and administrative average monthly employee head count approximated thirty-six employees compared with forty-nine employees in fiscal 1997.

PRODUCT RESEARCH AND DEVELOPMENT. Product research and development expenses in fiscal 1998 were $3,740,215 compared with $5,553,778 in fiscal 1997. The fiscal 1998 decrease reflects the use of significantly fewer outside contractors and reduced staffing levels as a result of the Company completing several major development projects and a deliberate effort to bring costs more in line with revenues. During 1998, the Company placed new releases of ChartVision, On-Line Chart Completion, Enterprisewide Correspondence, OmniVision and WebView into production. Additionally, Foundation Suite was installed at a Beta site. The software development and quality assurance staff, averaged twenty-five employees in 1998, compared with an average of twenty-nine in fiscal 1997. Fiscal 1997 research and development expenses include a one-time charge of $475,000, which primarily represents the in-process research and development purchased from Optika Imaging Systems, Inc. Accordingly, the purchase of technology was accounted for net of the write-off. The Company capitalized $396,000 in product research and development costs in fiscal 1998 and in 1997.

RESTRUCTURING EXPENSE. During fiscal 1998, the Company restructured certain aspects of its operations to flatten the management structure, reduce expenses in all areas and at the same time, improve customer service. Accordingly, the Company accrued the cost of severance and related taxes and fringe benefits. Additionally, the Company accrued the exit costs related to office space under long-term lease agreements that no longer provided economic benefit.

OTHER INCOME (EXPENSE). Other income in fiscal 1998 and 1997 consisted primarily of interest and gains on the sale of investment securities. The decrease is due primarily to less interest on fewer investments as securities were sold to fund operations. Interest expense in 1998, is related to the Company's $6,000,000 in outstanding long-term debt.

NET LOSS. The Company's net loss in fiscal 1998 was $10,925,970 compared with $12,669,451 in fiscal 1997. Fiscal 1998 net loss per share was $1.24 compared with a net loss per share in fiscal 1997 of $1.44. The $1,743,481 decrease in the fiscal 1998 net loss compared with 1997 results primarily from an approximately $2,300,000 increase in non-VHS revenues which contributed to a $2,145,000 improvement in non-VHS gross margin, a $1,813,563 decrease in research and development and an approximately $2,000,000 decrease in non-VHS selling, general and administrative expenses. These improvements in operating performance were offset by VHS's $2,400,000 operating loss and 1998 net interest expense of $465,775 compared with 1997 net interest income of $1,148,293 and a $700,000 restructuring charge. Throughout 1998, the Company reduced its operating expenses each quarter to ensure expenses were more in line with anticipated revenues. As a result, the Company improved its overall operating performance.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception in 1989, the Company has funded its operations, working capital needs and capital expenditures primarily from a combination of cash generated by operations, a 1994 private placement of convertible redeemable preferred stock, an initial public offering and borrowings, including a $6,000,000 loan in 1998.

The Company'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, recently 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.

The Company has no significant obligations for capital resources, other than noncancelable operating leases in the total amount of approximately $581,000, payable over the next three years.

Over the last several years, the Company's revenues have been less than the Company's internal plans. However, during the same period, the Company 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 four years. Although the Company has reduced staffing levels and related expenses, and improved operating performance, the Company's expenses continue to exceed its revenues. Accordingly, to achieve profitability, and positive cash flow, it is necessary for the Company to increase revenues or continue to reduce expenses. Management believes that the general release of the products described above under "Product Research and Development" has significantly strengthened the product lines. Additionally, the SMS Remarketing Agreement has significantly expanded the sales distribution capabilities, and management believes that market opportunities are such that the Company should be able to increase its revenues. However, there can be no assurance the Company will be able to increase its revenues.

On February 11, 2000, the Company sold its Mason, Ohio Data Center for $2,900,000. The Company received $2,000,000 and the remaining $900,000 will be received in twelve monthly installments commencing March 1, 2000. The sale will result in a gain of approximately $1,400,000.

At January 31, 2000, the Company had cash and cash equivalents of $5,411,920. Immediately after the closing of the sale of the Mason, Ohio Data Center, the Company's cash and cash equivalents approximated $7,800,000. Cash equivalents consist primarily of overnight bank repurchase agreements and short-term commercial paper. Under the terms of its loan agreement, as amended, the Company has agreed to maintain a minimum cash and investment balance of $4,400,000, which increases monthly, starting March 1, 2000, by $75,000 per month until February, 2001, at which time the minimum balance must be $5,300,000.

Management has significantly reduced operating expenses throughout 1999, and believes the Company will continue to improve operating results in fiscal 2000. However, based upon current expenditure levels and in the absence of increased revenues, the Company would continue to operate at a loss. Accordingly, for the foreseeable future, management will need to continually assess its revenue prospects compared to its current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to further 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 the Company 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 the Company's revenues or expenses. Additionally, the Company does not have any significant market risk exposure at January 31, 2000.

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 generally accepted accounting principles 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/ Thomas E. Perazzo
J. Brian Patsy Chairman of the Board and Chief Executive Officer	Thomas E. Perazzo Chief Financial Officer

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, 2000 and 1999, 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, 2000. 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, 2000 and 1999 and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2000 in conformity with accounting principles generally accepted in the United States.

Cincinnati, Ohio
March 15, 2000

/s/ Ernst & Young LLP

CONSOLIDATED BALANCE SHEETS

ASSETS

	Fiscal Year 1999	Fiscal Year 1998
Current assets:		
Cash and cash equivalents (restricted by the long-term debt agreement)	$ 5,411,920	$ 5,445,498
Accounts receivable, net of allowance for doubtful accounts of $385,000 and $325,000, respectively	3,936,326	3,642,330
Unbilled receivables	1,138,941	2,383,964
Other	436,135	1,024,960
Total current assets	10,923,322	12,496,752
Property and equipment:		
Computer equipment	4,423,753	4,407,863
Computer software	659,993	588,441
Office furniture, fixtures and equipment	1,379,043	1,534,206
Leasehold improvements	648,230	930,920
	7,111,019	7,461,430
Accumulated depreciation and amortization	(4,478,444)	(3,321,466)
	2,632,575	4,139,964
Capitalized software development costs, net of accumulated amortization of $1,100,228 and $920,228, respectively	869,701	749,701
Other	293,084	98,633
	$ 14,718,682	$ 17,485,050

LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY

	Fiscal Year 1999	Fiscal Year 1998
Current liabilities:		
Accounts payable	$ 666,647	$ 474,189
Accrued compensation	433,046	543,790
Accrued other expenses	2,183,080	3,105,021
Deferred revenues	1,491,404	1,083,837
Total current liabilities	4,774,177	5,206,837
Long-term debt	6,000,000	6,000,000
Long-term accrued interest	1,331,289	431,167
Convertible redeemable preferred stock, $.01 par value per share, 5,000,000 shares authorized	--	--
Stockholders' equity:		
Common stock, $.01 par value per share, 25,000,000 shares authorized, 8,896,500 shares issued	88,965	88,965
Capital in excess of par value	35,003,931	35,102,459
Treasury stock, at cost, 58,467 and 81,980 shares, respectively	(277,921)	(389,692)
Accumulated (deficit)	(32,201,759)	(28,954,686)
Total stockholders' equity	2,613,216	5,847,046
	$ 14,718,682	$ 17,485,050

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year 1999	Fiscal Year 1998	Fiscal Year 1997
REVENUES:			
Systems sales	$ 3,510,098	$ 5,541,226	$ 4,027,707
Services, maintenance and support	6,592,266	5,573,850	4,648,041
Service bureau operations	368,779	894,935	--
Total revenues	10,471,143	12,010,011	8,675,748
OPERATING EXPENSES:			
Cost of systems sales	792,556	1,758,222	2,443,319
Cost of services, maintenance and support	4,000,808	5,543,302	5,139,672
Cost of service bureau operations	1,516,482	2,868,436	--
Selling, general and administrative	4,577,853	7,860,031	9,356,723
Product research and development	2,166,441	3,740,215	5,553,778
Restructuring expense	--	700,000	--
Total operating expenses	13,054,140	22,470,206	22,493,492
Operating (loss)	(2,582,997)	(10,460,195)	(13,817,744)
Other income (expense):			
Interest income	177,449	385,100	1,148,293
Other, net	838,854	--	--
Interest expense	(1,680,379)	(850,875)	--
Net (loss)	$ (3,247,073)	$ (10,925,970)	$ (12,669,451)
Basic and diluted net (loss) per common share	$ (.37)	$ (1.24)	$ (1.44)
Number of shares used in per common share computations	8,827,055	8,811,019	8,827,478

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

	Convertible Redeemable Preferred Stock	Stockholders' Equity: Common Stock	Capital in Excess of Par Value	Treasury Stock	Accumulated (Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balances at January 31, 1997	$ --	$ 88,965	$ 35,110,817	$ --	$ (5,359,265)	$ 80,606	$ 29,921,123
Purchase of common stock	--	--	--	(430,188)	--	--	(430,188)
Net (loss)	--	--	--	--	(12,669,451)	--	(12,669,451)
Unrealized net gains on investment securities, net of reclassification adjustment	--	--	--	--	--	(5,403)	(5,403)
Comprehensive (loss)							(12,674,854)
Balances at January 31, 1998	--	88,965	35,110,817	(430,188)	(18,028,716)	75,203	16,816,081
Sale of treasury stock	--	--	(8,358)	40,496	--	--	32,138
Net (loss)	--	--	--	--	(10,925,970)	--	(10,925,970)
Unrealized net gains on investment securities, net of reclassification adjustments	--	--	--	--	--	(75,203)	(75,203)
Comprehensive (loss)							(11,001,173)
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 as of January 31, 2000	$ --	$ 88,965	$ 35,003,931	$ (277,921)	$(32,201,759)	$ --	$ 2,613,216

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year 1999	Fiscal Year 1998	Fiscal Year 1997
Operating activities:			
Net (loss)	$ (3,247,073)	$ (10,925,970)	$ (12,669,451)
Adjustments to reconcile net (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	1,684,138	2,016,596	1,003,703
Increase in long-term accrued interest	900,122	431,167	--
Cash provided by (used for) assets and liabilities:			
Accounts and unbilled receivables	946,172	(1,897,942)	(530,496)
Other assets	593,680	154,643	(606,635)
Accounts payable	338,382	(1,157,752)	382,604
Accrued expenses	(1,032,685)	958,707	1,061,702
Deferred revenues	407,567	21,841	561,213
Net cash provided by (used for) operating activities	590,303	(10,398,710)	(10,797,360)
Investing activities:			
Purchases of investment securities	--	(9,836,409)	(29,409,163)
Proceeds from sales of investment securities	--	18,670,372	46,422,143
Purchases of property and equipment	(153,235)	(741,571)	(3,779,863)
Purchase of technology	--	--	(100,000)
Capitalization of software development costs	(300,000)	(396,000)	(396,000)
Other	(183,889)	(27,203)	(30,911)
Net cash (used for) provided by investing activities	(637,124)	7,669,189	12,706,206
Financing activities:			
Proceeds from issuance of long-term debt	--	6,000,000	--
Sale (purchase) of treasury stock	13,243	32,138	(430,188)
Net cash provided by (used for) financing activities	13,243	6,032,138	(430,188)
Increase (decrease) in cash and cash equivalents	(33,578)	3,302,617	1,478,658
Cash and cash equivalents at beginning of year	5,445,498	2,142,881	664,223
Cash and cash equivalents at end of year	$ 5,411,920	$ 5,445,498	$ 2,142,881
Supplemental cash flow disclosures:			
Interest paid	$ 730,000	$ 336,000	$ --

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

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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 service bureau operations. The Company's products enable hospitals and integrated healthcare delivery systems in the United States to capture, store, manage, route, retrieve and process vast amounts of clinical and financial patient information.

FISCAL YEAR

All references to a fiscal year refer to the fiscal year of the Company 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 service bureau operations that provide high quality, transaction-based document imaging/management services from a central data center. The Company's revenue recognition policies through the end of fiscal 1997, conformed to Statement of Position 91-1, Software Revenue Recognition. Effective for fiscal 1998, the Company's revenue recognition policies conform to Statement of Position 97-2, Software Revenue Recognition. The change in accounting policy did not have a material impact on 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 shipped. Revenue related to routine installation and integration and project management is deferred until the work is performed. If a contract requires the Company to perform services and modifications that are deemed significant to system acceptance, revenue is recorded either on the percentage-of-completion method or revenue related to the delivered hardware and software components is deferred until such obligations are deemed insignificant, depending on the contractual terms. Revenue from consulting, education, services and service bureau operations 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 Shared Medical Systems Corporation ("SMS"), royalties are remitted by SMS to LanVision based upon SMS sublicensing the Company'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 statement. The remaining seventy-five percent of the royalty is due upon SMS's shipment of software to the end user. LanVision records this revenue when the seventy-five percent payment due from SMS is fixed and determinable, which is generally when the software is shipped to the end user.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits, overnight repurchase agreements, money market accounts and highly liquid investments with original maturities of three months or less. The long-term debt agreement (See Note 3.) requires the Company to maintain a minimum cash balance of $4,400,000, which increases monthly by $75,000 effective March 1, 2000 until February, 2001, at which time the minimum balance must be $5,300,000.

CONCENTRATIONS

Financial instruments, which potentially expose the Company 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. The Company's accounts receivable are concentrated in the healthcare industry. However, the Company'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, recently some healthcare organizations have experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities. Included in accounts receivable is $1,800,000 due from one customer. This amount is scheduled to be paid in full during the first quarter of fiscal 2000.

To date, the Company has relied on a limited number of customers for a substantial portion of its total revenues. The Company 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 the Company's operating results (See Note 6.).

The Company 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 loan fees, 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 (except for service bureau operations which began depreciation of computer equipment and software when the assets were placed in service), 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 1999, 1998, and 1997 was $1,504,138, $1,758,264 and $875,370, 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 development, including coding, testing and product quality assurance, are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. The Company capitalized $300,000, $396,000 and $396,000 in 1999, 1998 and 1997, respectively.

Research and development expense was $2,166,441, $3,740,215 and $5,553,778 in 1999, 1998 and 1997, 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 $180,000, $258,332 and $128,333 in 1999, 1998 and 1997, respectively.

ACCRUED OTHER EXPENSES

Accrued other expenses at January 31, 2000 and 1999 include: warranty reserves, accrued franchise and property taxes, professional fees and other liabilities.

RESTRUCTURING EXPENSE

During the second quarter of fiscal 1998, the Company restructured certain aspects of its operations to flatten the management structure, reduce expenses in all areas and, at the same time, improve customer service. Accordingly, the Company accrued $300,000 for the anticipated costs of severance and related taxes and fringe benefits for the reduction of the work force by 16 people. The liability was recorded as a current liability at the end of the second quarter and substantially all of the liability was paid during the third quarter. As LanVision completed certain of its major software development projects, the Company has been able to further reduce its staff and the use of outside contractors in product development. As a result of the above reductions in staff, the Company had excess space at certain facilities. Accordingly, during the fourth quarter of fiscal 1998, a restructuring charge of $400,000 was accrued to downsize the then existing facilities to the current and anticipated near-term needs. The Company has consolidated some of its offices and reduced its leased facilities. At January 31, 2000, approximately $33,000 remains for the future downsizing of an additional office.

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. The Company 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 fourth quarter of fiscal 1999, includes approximately $1,100,000 related to a contract settlement with a customer.

NET LOSS PER COMMON SHARE

The net loss per common share is computed in accordance with Statement of Financial Accounting Standards No. 128, Earnings per Share. The basic net loss per common share is computed based on the weighted average number of common shares outstanding during each period. The diluted net loss per common share reflects the potential dilution that could occur if Stock Options and Warrants were exercised into Common Stock, under certain circumstances, that then would share in the earnings of the Company. The diluted net loss per common share calculation, in fiscal 1999, 1998 and 1997, excludes the effect of the Stock Options and Warrants as the inclusion thereof would be antidilutive.

2. OPERATING LEASES

The Company rents office space and equipment under noncancelable operating leases that expire in 2002. Future minimum lease payments under noncancelable operating leases for the next three fiscal years are as follows: 2000, $347,756; 2001, $183,902; 2002, $49,243. Rent expense was $370,720, $812,470 and $637,110 for fiscal years 1999, 1998 and 1997, respectively.

3. LONG-TERM DEBT

In 1998, the Company 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. In July, 2002, the Company has a one-time option to prepay, in full, the then outstanding balance of the note. The note is secured by all of the assets of the Company and the loan agreement, as amended, restricts the Company 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. In addition, the Company is required to meet certain financial covenants, including minimum levels of revenues, earnings, and net worth. Also, the loan agreement requires the Company to maintain a minimum cash balance of $4,400,000, which increases monthly by $75,000 effective March 1, 2000 until February 2001, at which time the minimum balance must be $5,300,000.

In connection with the issuance of the note, the Company 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, the Company 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 guaranteed return, the Company is required to pay the additional amount in cash at the time of maturity. Accordingly, the Company 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. Should the Company exercise its 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 exceeds 30% at the date of the prepayment, the Company has the right to cancel up to 150,000 Warrants.

In addition, the founders and majority shareholders 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 2000, $-0-; 2001, $1,000,000; 2002, $2,000,000; 2003, $2,000,000; 2004, $1,000,000.

Management believes the fair market value of the long-term debt and its accompanying Warrants approximates the carrying value.

The Company was in compliance, or has obtained waivers for non-compliance, with all of the amended terms and conditions of the loan agreement as of January 31, 2000.

4. INCOME TAXES

The Company had no income tax expense or (benefit) for 1999, 1998 and 1997.

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

	Fiscal Year 1999	Fiscal Year 1998	Fiscal Year 1997
Federal tax (benefit) at statutory rate	$ (1,104,005)	$ (3,714,830)	$ (4,307,613)
(Loss) for which benefit not provided	1,104,005	3,714,830	4,307,613
	$ --	$ --	$ --

The Company 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 1999	Fiscal Year 1998	Fiscal Year 1997
Deferred tax assets:			
Net operating (loss) carryforwards	$ 10,640,706	$ 9,576,271	$ 6,061,074
Accounts payable and accrued liabilities	854,145	1,102,738	849,876
Other	142,450	156,280	98,050
	11,637,301	10,835,289	7,009,000
Less valuation allowance	(11,381,128)	(10,835,289)	(6,991,066)
Net deferred tax assets	256,173	--	17,934
Deferred tax liabilities:			
Prepaid assets	(220,143)	--	--
Equipment	(36,030)	--	(17,934)
	(256,173)	--	(17,934)
	$ --	$ --	$ --

At the end of fiscal 1999, the Company had a net operating loss carryforward of approximately $28,800,000, which begins to expire in 2009.

5. RETIREMENT PLAN

The Company 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 1999, three customers accounted for 10%, 9% and 9% of total revenues. During fiscal 1998, three customers accounted for 10%, 9% and 8% of total revenues. During fiscal 1997, three customers accounted for 13%, 13% and 12% of total revenues. At January 31, 2000 and 1999, 69% and 42%, respectively, of the Company's accounts receivable were due from three customers.

7. STOCK OPTION PLANS

The Company 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, the Company adopted the disclosure only provisions of Statement 123. All of the Company'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.

The Company'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, 2000, options to purchase 477,115 shares of the Company's Common Stock have been granted under the Plan.

The Company'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 four years of continuous service as a Director from the date of grant. Options for 5,000 shares have been granted under this plan to one Director, of which 3,750 options are excercisable and vested. In addition, non-qualified stock options to purchase 5,000 shares were granted to the same Director in April, 1996, and vested ratably over two years.

The Company 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 a term of ten years and vest ratably over three years, commencing two years from the date of grant, and have an exercise price of $1.00 per share. The remaining 30,063 options were granted in 1990, with a term of approximately eleven years and became exercisable in 1991 with an aggregate price of $1.00, and 10,000 of such stock options were exercised in fiscal 1999.

Pro forma information regarding the net loss and net loss per common share is required by Statement 123, has been determined as if the Company 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 1999, 1998 and 1997: risk-free interest rates of 6.4% in 1999, 5.0% in 1998 and 5.4% in 1997; a dividend yield of zero percent; a volatility factor of the expected market price of the Company's Common Stock of .907 in 1999, .911 in 1998 and .788 in 1997, and a weighted average expected life of the options of five years.

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 the Company'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. The Company's pro forma information is as follows:

	Fiscal Year		
Pro forma	1999	1998	1997
Net (loss)	$ (3,444,914)	$ (11,110,786)	$ (13,266,041)
Basic net (loss) per common share	$ (.39)	$ (1.26)	$ (1.50)

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

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

	Fiscal Year					
	1999		1998		1997	
	Options	Weighted average exercise price	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding - beginning of year	703,493	$ 6.04	701,248	$ 7.78	650,873	$ 8.84
Granted	101,000	1.38	248,000	3.01	166,500	5.32
Exercised	(10,000)	-- (1)	--	--	--	--
Forfeited	(217,537)	8.07	(245,755)	7.97	(116,125)	10.34
Outstanding - end of year	576,956	4.51	703,493	6.04	701,248	7.78
Exercisable at end of year	344,400	$ 5.82	378,053	$ 7.61	387,217	$ 8.02

(1) $.33 in the aggregate for all 10,000 shares.

	1999	1998	1997
Weighted average fair value of options granted during year	$ 1.01	$ 2.19	$ 3.51

The following table summarizes, by range of exercise price, the options as of January 31, 2000:

Options Outstanding	Options Exercisable	Weighted average exercise price	Approximate remaining life in years
20,063	20,063	$ -- (1)	1
69,778	69,778	1.00(2)	5
487,115	254,559	7.35(3)	8
576,956	344,400	5.82	

(1) $.66 in the aggregate for all 20,063 options.
(2) $1.00 per share for each of the 69,778 options.
(3) The exercise prices range from $1.38 to $14.50, of which 122,115 shares are between $10.40 and $14.50 per share and 120,000 shares are between $4.00 and $7.38 per share and 144,000 shares at $2.88 per share and 101,000 shares at $1.38 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 the Company'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

The Company 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 1999, 13,513 shares were purchased at the price of $.98 per share and in 1998, 8,520 shares were purchased at the price of $3.77 per share.

The purchase price at June 30, 2000, will be 85% of the lower of (a) the closing price on July 1, 1999 ($1.19) or (b) 85% of the closing price on June 30, 2000.

9. COMMITMENTS AND CONTINGENCIES

MAINTENANCE AGREEMENTS

The Company has maintenance agreements to provide services in future periods after the expiration of an initial warranty period. The Company 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. The Company warrants to customers that its software will meet certain performance requirements.

SERVICE BUREAU OPERATIONS

The Company 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.

EMPLOYMENT AGREEMENTS

The Company 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

The Company has reserved 1,497,808 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, management believes any resulting liability would not have a material affect on the Company's consolidated financial position or results of operations.

10. COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, Comprehensive Income, requires supplemental disclosure for the accounting for unrealized holding gains on available-for-sale securities, and a reconciliation to comprehensive income (loss).

	Fiscal Year		
	1999	1998	1997
Net (loss)	$ (3,247,073)	$ (10,925,970)	$ (12,669,451)
Unrealized holding gains (losses) arising during the period	--	(9,570)	147,295
Reclassification adjustment for gains (losses) included in net (loss)	--	(65,633)	(152,698)
Comprehensive (loss)	$ (3,247,073)	$ (11,001,173)	$ (12,674,854)

11. SUBSEQUENT EVENT

On February 11, 2000, the Company sold its Mason, Ohio data center for $2,900,000. The sale will generate a gain of approximately $1,400,000. The Company has entered into a Service Provider Agreement with the purchaser to continue to use the data center under a fee for service arrangement.

12. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following sets forth selected quarterly financial information for fiscal years 1999, 1998 and 1997.

(In thousands, except per share data)	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 income (loss) (d)	(1,559)	(1,580)	(494)	386	(3,247)
Basic and diluted net income (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-end close	$ 1.75	$ 1.00	$ .75	$ 1.25	$ 1.25
Cash dividends declared (c)	$ --	$ --	$ --	$ --	$ --

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	1998
Revenues	$ 3,605	$ 3,008	$ 2,836	$ 2,561	$ 12,010
Operating (loss)	(3,239)	(2,938)	1,815)	(2,468)	(10,460)
Net (loss)	(3,136)	(2,911)	(2,111)	(2,768)	(10,926)
Basic and diluted net (loss) per share (a)	(.36)	(.33)	(.24)	(.31)	(1.24)
Weighted average shares outstanding	8,806	8,809	8,815	8,815	8,811
Stock Price (b)					
High	$ 5.87	$ 4.62	$ 3.37	$ 3.25	$ 5.87
Low	$ 3.62	$ 2.50	$ .87	$ .90	$ .87
Quarter-end close	$ 4.50	$ 3.00	$ 1.25	$ 2.71	$ 2.71
Cash dividends declared (c)	$ --	$ --	$ --	$ --	$ --

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	1997
Revenues	$ 2,113	$ 1,569	$ 2,329	$ 2,665	$ 8,676
Operating (loss)	(3,176)	(3,815)	(2,951)	(3,876)	(13,818)
Net (loss)	(2,846)	(3,530)	(2,664)	(3,629)	(12,669)
Basic and diluted net (loss) per share (a)	(.32)	(.40)	(.30)	(.41)	(1.44)
Weighted average shares outstanding	8,886	8,813	8,806	8,806	8,827
Stock Price (b)					
High	$ 8.00	$ 6.75	$ 8.00	$ 6.75	$ 8.00
Low	$ 3.37	$ 4.50	$ 4.62	$ 4.25	$ 3.37
Quarter-end close	$ 4.50	$ 5.25	$ 6.03	$ 4.62	$ 4.62
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.

DIRECTORS AND OFFICERS

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DIRECTORS

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

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

Thomas E. Perazzo
Chief Financial Officer
and Treasurer

CORPORATE INFORMATION

- --

Corporate Headquarters

LanVision Systems, Inc.
4700 Duke Drive, Suite 170
Mason, Ohio 45040-9374
(513) 459-5000

Stock Transfer Agent
Fifth Third Bank
Corporate Trust Administration
Fifth Third Center
Mail Location 1090D2
Cincinnati, Ohio 45263

Independent Auditors
Ernst & Young LLP
Cincinnati, Ohio

Annual Meeting
The Annual Meeting of Stockholders will be held on May 24, 2000.

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.

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

As of March 31, 2000, there were approximately 3,600 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.
4700 DUKE DRIVE, SUITE 170
MASON, OHIO 45040-9374
PHONE: 513.459.5000, FAX: 513.794.7272

Exhibit 21.1
LANVISION SYSTEMS, INC.

SUBSIDIARIES OF THE REGISTRANT

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

Exhibit 23.1
LANVISION SYSTEMS, INC.

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 15, 2000, included in the 1999 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 15, 2000, 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, 2000.

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	333-20761	Robert F. Golden and Jeffrey L. VanVoorhis Option Agreements (As Amended)
S-8	333-20763	George E. Castrucci Option Agreement

Cincinnati, Ohio
April 17, 2000

/s/ Ernst & Young LLP

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS CONTAINED IN THE COMPANY'S FORM 10-K FOR THE PERIOD ENDED JANUARY 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1
U.S. DOLLARS

YEAR
JAN-31-2000
FEB-01-1999
JAN-31-2000
1
5,411,920
0
5,460,267
385,000
0
10,923,322
7,111,019
4,478,444
14,718,682
4,774,177
6,000,000
0
0
88,965
2,524,251
14,718,682
10,471,143
10,471,143
6,309,846
13,054,140
0
0
1,680,379
(3,247,073)
0
(3,247,073)
0
0
0
(3,247,073)
(0.37)
(0.37)