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## Event Transcript

**LANV - CCBN Virtual Healthcare Conference: Co-sponsored by  
Lippert/Heilshorn & Associates and RedChip Partners**

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## CORPORATE PARTICIPANTS

### Jim Flanagan

*IR Strategic Advisors - President*

### J. Brian Patsy

*LanVision Systems Incorporated - President And Ceo*

## PRESENTATION

### Jim Flanagan - IR Strategic Advisors - President

Welcome to the CCBN Virtual Healthcare Conference, co-sponsored by Lippert/Heilshorn and Associates, and RedChip Partners. My name is Jim Flanagan, and I'm President of IR Strategic Advisors, a Boston area investor relations and public relations communications firm. I'm also a member of CCBN's Advisory Board, and I'll be serving as your moderator for this Virtual Healthcare Conference.

For our Webcast participants that are participating live today, you may submit a question at any time by simply typing your query into the question field in the lower left-hand side of the Webcast player. I will present these questions during the Q&A at the end of the company's prepared remarks. Should we receive more questions than time allows, please be sure that we will forward all questions to the company management for them to respond to directly.

Our next presentation is by LanVision Systems, stock symbol LANV, and LanVision Systems is a leader in document imaging and workflow tools for the healthcare industry. LanVision develops healthcare information access systems that enable hospitals, physicians, patients and payers to simultaneously access medical record information from any location using the Internet or and Intranet. LanVision sells solutions via locally hosted installed systems, or on a subscription basis via LanVision's remote hosting services.

The company's products and workflow tools complement existing clinical and financial systems. The product suites are sold either directly or through remarketing and referral partners, including such industry-leading companies as Siemens Medical Solutions Health Services Corporation, IDX Systems Corporation and 3M Health Information Systems. The company recently finished the development of an integral piece of the product line, a medical records and departmental workflow application.

Workflow technologies complement a comprehensive product suite and increase the value-added proposition of the entire product line by facilitating significant business process reengineering benefits. LanVision anticipates this key

development will help grow the number of package sales. Representing and presenting for the company today is J. Brian Patsy, the company's President and CEO, as well as Paul Bridge, the Chief Financial Officer. Gentlemen, you are free to begin your presentation.

### J. Brian Patsy - LanVision Systems Incorporated - President And Ceo

Thank you Jim, and good afternoon everyone. First let me draw your attention to the Safe Harbor statement as during our presentation we'll be discussing some forward-looking numbers, and want you to understand the circumstances of Safe Harbor as I proceed.

LanVision is all about the medical records workflow technology. We're a leader in supplying that technology to the healthcare sector. We also develop healthcare information systems that do address some HIPAA requirements for compliance, specifically HIPAA does require that the information that is in paper form be handled and be secure, and the confidentiality be maintained for the paper records. So that's a force that is driving interest in our company and in our software products.

Next we also enable simultaneous access to medical record information from any location that has access to an Internet or an Intranet. We also provide remote access services, in addition to a locally installed (inaudible) software - customers and clients are able to get a hold of our technology over the Web if you will. We have an impressive base of users, including 40 integrated (inaudible) network customers, large-end customers, which constitutes about 100 hospitals under contract and in excess of 20,000 authorized users of the software.

Was that their rationale? We have an expanding opportunity as I mentioned because of HIPAA driving automation, and the need to provide the ability to manage the paper medical record, which is one of our focuses. We also have products that create cost effective operating efficiencies, long-term customer relationships, and effective distribution channels. Specifically we have a direct sales force that markets a product that we call our service, excuse me, that's called ASPeN, which stands for Application Service Provider e-Health Network, which is a remote hosting service that offers our technology over the Web on a subscription basis.

We also have re-marketing and referral partners, some of the re-marketing partners OEM our product, and some sell that under the LanVision logo. We've been profitable in eight of the

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last nine quarters. We anticipate growth in excess of 20 percent for fiscal 2002. I'll address our view of the future a little later. And we also have direct licensing and recurring revenue model, as I mentioned earlier. There are some positive market dynamics affecting our optimism about the future. As many have mentioned it previously, HIPAA is driving the investment in technology.

I look at HIPAA as the antithesis of Y2K, where Y2K sucked dollars away from software companies and service companies by plan vision, HIPAA is actually driving investments toward our products and services to allow for compliance in managing the medical record, particularly the paper portion of the medical record, as well as the ability to keep it secure. There's anticipation of 29 percent growth in IT spending, which bodes very well for us. And a 20 percent growth in healthcare services. LanVision has estimated a minimum of 15 percent growth in some technologies that we offer, which is document imaging and workflow technologies over the next several years.

I'd like to spend a moment and talk about various disparate medical record services that are available to hospitals today, and how LanVision helps manage the medical record lifecycle with its workflow and its document imaging technologies. We have, as I mentioned earlier, solutions that offer onsite installation of our systems and software on a perpetual license basis. We also offer remote hosting services through our ASPeN services product, which is basically a subscription service that allows access to all the products that we offer.

Some of those are accessANYwhere, which is a workflow product that allows for capture of unstructured information such as the paper medical record, creating historical, permanent patient record, workflow routing of that information to perform various processes in the back office of the hospital, and finally for remote viewing of patient information, patient history anywhere where you have access to an Intranet or an Internet.

Coding, excuse me, completionANYwhere is a product that is again a workflow-based product that allows for the automation of the completion of the medical chart after discharge. This has a tremendous impact on the AR of the hospital by low rate (ph) in, by getting the bill out faster, allowing physicians to process, complete and sign electronically their deficient documents. Which all squeezes time out of the revenue cycle.

CodingANYwhere again is a workflow product that allows for remote coding of the patient chart by providing coders a view of the medical record, and integrated with third-party encoders and abstract software. scanANYwhere is our scanning product

that allows for digitally scanning and indexing paper records and making them available online. RegScan is a registration scanning product that allows for the capture of registration for insurance cards and driver's licenses at the point of registration. I mentioned ASPeN earlier, ASPeN is our, really all of the above products offered on a subscription basis through our hosting center.

The LanVision Application Bridge is a set of proprietary applications that landers (ph) and offers to integrate seamlessly with third party clinical information systems to allow them to get access to paper records electronically. And finally foldervision (ph) a set of applications that allow for document management and workflow processing in other departments other than medical records, such as the business office, the human resources department, and materials management. Our solutions do create tremendous advantages.

As I mentioned, because of evolving HIPAA requirements, we allow for maintaining the security of the paper record by digitally scanning it, indexing it and storing it, and locking down who has access to it. We improve physician and hospital productivity by providing simultaneous access the patient's record online, anywhere. Reduce administrative costs involved with maintaining the security of the record, and delivering that record to remote locations. We also increased the rate of medical record completion through our completionANYwhere product, which is basically workflow process reengineering.

We allow for simultaneous access from any location. We support multi-entirety enterprises, and we have scalability from small clinics up to the largest implementation, which in our case is Memorial Sloan-Kettering Cancer Center, which is using our product with over 1,000 simultaneous users on several thousand workstations. So we have excellent scalability, improved security, and we offer upgrade assurance.

I'd like to take a moment to talk about how LanVision really fits in the scheme of things in the healthcare environment, and how we complement existing clinical information systems. In order to explain it, I'd like to talk about the lifecycle of the patient chart. What you see on the left is a typical patient encounter. Once a patient is either admitted to a hospital or attends a clinic, or visits an emergency department, various information is created, whether electronic, which is in blue, or in paper form, which is in gray. And anything you see on this slide in gray is typically a manual process in a typical hospital.

Once that information is created for that patient, then it's moved, the paper information at least is moved to the medical record department and stored in a series of filing cabinets and typically

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this could be millions of pages of patient information. Once it sits in the medical record departments for a period of years, it's often migrated to offsite storage. Now certain things go on in the back office of a hospital when a patient is discharged or leaves the ambulatory clinic. We call that chart processing, and chart processing is very essential in terms of getting a bill out and getting reimbursement.

Things such as abstract to (ph) the patient chart, coding the chart, chart deficiency analysis, which is done by analysis clerks, dictation, transcription and ultimately chart completion, which is filling in blank information for federal requirements in order to get reimbursed. All this process is in a typical hospital in the paper world are serial, where others great contention (ph) for the record, and one process occurs before the other one can commence. And so that elongates the revenue cycle. In addition, after the chart is processed, there's various third party requesters, such as utilization review, peer review organizations, joint commission, bureaus of worker's comp, research requests and release of information. Ultimately also the paper is required for patient care.

So that's a typical hospital in the paper world. LanVision automates this process. The first thing we do is create an online repository, a permanent patient record if you will, a historical patient record of information. We digitally scan the paper that exists in a hospital, index it, and store it in that repository, creating a virtual medical record across multiple facilities. So at this point we have automated the paper part, and put it in a repository along with the electronic information for later retrieval, which essentially creates a permanent patient record.

Then we automate your workflow processing, the back office functions, and what you see here is the blue indicating that this is automated now, it's all performed electronically. And what's really significant here is that all these functions can now be performed in parallel, rather than a serial process in the old paper world. This squeezes time out of the revenue cycle, and has a tremendous financial benefit to a hospital, so that you can perform abstracting, coding, chart deficiency analysis and completion and dictation in a parallel process.

And ultimately once you've set up this system workflow allows you to let third-party requestors from anywhere that has access to the Intranet or a virtual private network, to gain access to look at that information retrospectively. So again it creates tremendous efficiencies in the lifecycle of patient charts. So LanVision essentially provides workflow automation document imaging tools to complement existing clinical information systems. We offer a medical record centric historical view of

patient information, as well as workflow processing of that information.

I mentioned that we have an ASPeN service, which is our hosting service, which really allows for business process workflow reengineering on a subscription basis, where you get access to all of our applications, including medical record workflow, chart deficiency management workflow, release of information workflow, remote coding workflow, other departmental workflow, such as materials management, and ultimately creating an historical patient information repository. All of that available on a subscription basis, which is wonderful for LanVision in terms of recurring revenue. So you can either quote buy it and install it locally with a perpetual license, or subscribe to the service for a very low incremental cost and rent it, if you will.

We have some very prestigious customers as you can see. Memorial Sloan-Kettering is our largest single installation as I mentioned, over 1,000 concurrent users, and we believe that this is the single largest implementation of its kind using workflow technology in the United States. In fact, we believe it's three times larger than the next largest site. Some very other, very prestigious institutions such as Stanford, University of Cincinnati Medical Center, and Medical College of Georgia, et cetera.

In terms of distribution, we have a direct selling organization, a very small one that focuses on our ASPeN services model, or the recurring revenue model of selling hosting services. And we have some large remarketing partners, namely Siemens and IDX, and we have some referral partners in terms of 3M Healthcare and Iron Mountain. We look at Siemens, last year they contributed 24 new contracts, or excuse me, in total 24 new contracts, eight last year, just under three million in revenue. And they have about a third of the market in terms of installed base. So we enjoy a royalty stream from them for OEMing our software product, bolted on to their clinical information system and their billing systems.

IDX is a new partner, we're very happy to have them. That was signed earlier this year. They contribute software royalties selling our branded product. And also they outsource all of the installation and the services to LanVision, so we enjoy a very nice revenue stream there as well. We have referral partners, I'm excited about Iron Mountain. If you look at the lifecycle of the patient chart, there's many pieces of it that do require physical paper handling, and that's why we're excited about the Iron Mountain relationship. Iron Mountain can physically pick up the paper, take it to their warehouses located in various cities, scan the paper on behalf of the hospital, index it, uplink it to

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our hosting center for availability by clinicians online real-time. And so we take over from that point and manage the flow and the back office functions of accessing them (ph) for long-term storage.

What we're talking about here is our vision of partnering with strategic companies to manage the lifecycle of the medical record from cradle to grave. 3M is an important partner in terms of they own 60 percent of the coding marketplace, and our workflow technology and integration technology allows us to seamlessly integrate third-party encoders such as 3M and HSS into a workflow application where we can allow for centralized coding over multiple facilities, or indeed remote coding, so that coders can go and work at home. And if you know that particular marketplace, coding talent is very scarce right now, and so this is an enormous opportunity for us in terms of a revenue stream.

If you look at our business model, again I mentioned we have a direct selling organization, and we have partners. You can license the software locally on a perpetual basis, or you can subscribe to it through our remote hosting ASPeN services. Our margins are very good in terms of software, and the direct license model. It's ranges between 60 and 70 percent. Our ASPeN ASP services are very good margins, 55 to 65, and that includes the overhead of the data center and the, and the employees to manage the data center, and all the software applications on behalf of the client.

Our maintenance services is what (ph) contribute very well, and our consulting services, which is bundled into most of our sales, a typical sale if you will, a license product would be about a million dollars, 400,000 of that would be software, about 250,000 would be consulting services, and those get bundled into every sale, and there's some pretty decent margins there as well.

Let's talk a moment about some financial trends. Our revenue growth has grown over the last three years, and you see a little decline in the years 1999 and 2000, part of the 2000 was relative to the Y2K where some of the capital dollars were moved toward compliance in terms of getting some infrastructure and some hardware, and some software installed to be compliant. However HIPAA now seems to be driving some pretty decent revenue growth, we believe it's going to range in the neighborhood of 20 to 25 percent for business as usual for LanVision and we're providing some guidance to the markets that this year we expect about 20 to 25 percent growth to about 13.5 million.

The expense control, we've got it well under control. In 1998, what you're seeing there was our attempt to build a direct selling model, which was very expensive, and we changed our methodology during that period and moved to an indirect model where we re-marketed our software through some of the larger players in the healthcare marketplace, such as Siemens and IDX. So we lowered our incremental sales costs significantly, and as a result we became profitable. And that is shown here, again in '98 was enormous overhead for direct selling organization, and we moved to an indirect selling organization, and as a result we've been profitable as I mentioned earlier, in eight of the last nine quarters.

A summary of our operating statement, our three months of compared to last year and nine months. And we're, a growth curve as I mentioned earlier of about 20 to 25 percent this year, so we should end up around 13.5 in terms of net revenue. And in the range of, 03, well somewhere in a neighborhood of a million dollars plus in net income. Here's our balance sheet, cash is in pretty good shape, somewhere between six and seven million. And about nine million shares outstanding.

We have experienced management team, and yours truly has 26 years in the business. Paul Bridge, our CFO and Treasurer over 30 years, Eric Lombardo, Co-founder and Executive Vice President 27 plus years. Our CIO and our VP of Product Development all have extensive experience in the healthcare marketplace. Here's an interesting look at our growth in revenue and recurring revenue, and if you look at our current fiscal year, again mentioned previously, we're estimating around 13.5 million, which would be about a 20 to 25 percent growth rate. Interestingly enough, about 37 percent of that amount is recurring revenue, and 63 is non-recurring.

If you forward in to our view of next year's, next fiscal year, we see again our growth rate being consistent with this year, 20 to 25 percent range. That's why the pie is a little larger. But what's more important is looking at the contribution of recurring revenues, it grows significantly to 44 percent. So we're getting a lot more visibility in terms of our revenue streams with our business as usual. And that bodes well for the future. We can, we really see that trend continuing in future years in terms of the contribution from recurring revenue, primarily because of our ASPeN services.

Taking a different look at it, if you look at our estimate for 2002, and you divide it out into non-recurring and recurring revenues again, similar to the previous slide, and you look at our targets, and this is a conservative view of our view of next year, and basically if you draw the conclusion that we intend to maintain

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our revenue streams, our non-recurring revenue streams at about the current levels, and again I emphasize a conservative view that those non-recurring streams would be software revenues that's licensed and installed locally, some miscellaneous other, and consulting services are, those services that are bundled in to the sale of our product.

Now those are literally non-recurring revenues, however our experience over the past ten years is that that's a very predictable, you can count on it year to year to reach a certain threshold, so in some respects it's virtually recurring in that we can count on a certain level of contribution every year. But assuming they are constant from year to year, and then you layer on top of our non-recurring revenues our recurring revenues, and if you look at 2002 on the left that's composed of maintenance, which you can take to the bank, ASP contracted, which is the orange and yellow. If we look at 2002, we have a significant contribution, recurring revenue from maintenance, and we had some contribution from our ASP, which is a new service that we began offering.

Now what's exciting about our confidence (ph) next year is if you look at the contracts that we've secured for ASP business, again recurring revenue, that will be implemented throughout the remainder of this year and into next year, again these are contracts in place where the flow of monthly recurring revenue hits us next year. And you layer that on top of our projections for this year, you can see that effectively we go from five to 11 percent in contribution in contracted ASP business. There's several points to be made here.

One is our optimism for continued 20 to 25 percent growth is well-founded, because we have contracts in place that will contribute recurring revenues next year in addition to what we have this year. And also that there's much more visibility in terms of our future growth than we've had in the past, because of the growth percentage-wise of recurring revenues versus nonrecurring. So again business, and I want to emphasize business as usual, the business of LanVision, we're very confident in our projections for this year and next.

Now let's talk about our planned growth, and we look at a three phased approach, actually I might even modify this and say a four phased approach. First of all, we need to execute our current plan. And as I emphasize, business as usual, and our visibility being very good because of increasing recurring revenues. We see a 20 to 25 percent revenue growth this year and next, and beyond. And more importantly, even better contribution in terms of profit percentage-wise. So our growth on the profit contribution will be greater than our growth in revenue.

Secondly, this is consistent with our strategy of managing the medical record, whether it be originally created in paper or electronically, managing the medical record lifecycle from cradle to grave. In order to do that, we need strategic relationships with third parties such as IDX, Siemens, who remarket our product, as well as 3M and Iron Mountain, and others to be named later, that have their fingerprints if you will, on the medical record, so that we can connect the dots. In other words, put together a service for our customers that allow for management of the medical record, whether in paper or electronic form, from creation to ultimate archival.

I'm going to insert another one here, which is a very exciting opportunity for us, looking forward, and that is if you look at the business of LanVision, which is creating workflow applications that complement clinical information systems provided by various companies such as McKesson HBOC, Cerner, Siemens and IDX and Eclipsys, we see an opportunity here to literally move into a new line of business that's very exciting. To actually improve on the 20 to 25 percent revenue growth, perhaps even as high as triple-digit growth. And what we see here is the combination of our workflow process automation and the people that use that product in their medical record department. In other words the combination of people, process and technology.

And what I'm specifically talking about is combining our technology with outsourcing in order to go into our installed base at hospitals first, and then marketing elsewhere, a packaged services solution, where we go in and offer the management of the medical record department itself, bringing in, in tow, our technology integrated into their clinical information system of choice. And what's real exciting about this, if you just take an example of one of our hospitals, at one of our medium-sized hospitals, if we would have the opportunity to outsource, or if they would outsource their medical record department to LanVision, or LanVision and a strategic partner that's in the outsourcing business, that contribution per year would be in the neighborhood of eight to nine million, for a medium-sized hospital.

Now we would do that by offering better service, and certainly potentially lowering their operating costs, because of the benefits of our technology. And we'd also have much better control of the process. So if you look at our revenue growth, you know, in the range from ten million plus to 13.5, and you talk about just one client getting a contract for outsourcing in combination with technology, we could have large chunks of territory in terms of revenue growth. Now we aren't taking that lightly, certainly there would have to be some strategic planning in

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terms of how we'd move into that market, how we would manage it but, LanVision is a medical records centric company with a tremendous amount of intellectual property in terms of medical record knowledge.

Certainly I think we could find the right people to manage the process, and manage the people to really complement our technology. So that's kind of a medium-term step, in terms of our approach, and then ultimately, which would be the fourth step, would be working toward a national healthcare repository where information is stored and accessed and retrieved over a patient data across multiple facilities, and we'd like to participate in that process.

Finally we're very optimistic about the future. We see an expanding market opportunity for the reasons I've mentioned, HIPAA driving it, cost and operating efficiencies that are available with our technology, our workflow and document imaging technology. We have what we believe is significant market validation from the prestigious client base that we have, that have installed our technology successfully, integrated with their existing clinical information systems. But also our partners, and on some of the, some of them more, the larger players in the healthcare information systems center are bolting on our technology to theirs to make it more functional and add value to it. We see effective and growing distribution channels.

We'd certainly like to continue our trend of signing up new strategic partners to remarket our technology as it is, that's what I mean by business as usual, and help us grow even better than 20 to 25 percent. But in addition to that, we'd like to even grow incrementally above that threshold by either moving in to outsourcing opportunities organically, and/or forming joint ventures or strategic relationships with some of the major players in the outsourcing arena, where they could either remarket our ASPeN services or package our technology with their people and sell that to healthcare institutions. And all of this, we need to do with, while maintaining sound financials. So that concludes my portion of the presentation. I can open it up Jim to question and answer now.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Thank you, we will do that now. And I'd remind our audience of live Webcast participants that you may submit a question at any time by simply typing your query into the question field that you'll find in the lower left-hand side of the Webcast player. We go to our first question. During your presentation you did mention some projected revenue numbers, 20 to 25 percent. Is

that typical of your historical growth pattern, and in this economy what's underlying that that's provided you the confidence in these numbers?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

That is not typical historically. If you look at some of our projections going back five years it is not. What has changed is the Y2K problem is behind us, that really filtered discretionary dollars away from the LanVision's technology and toward companies that were solving the Y2K problem. And then what's changed dramatically since that time is HIPAA, and fortunately for our company those security and privacy standards have been extended to the paper portion of the medical record. And literally it would take an army of people to insure the security and the confidentiality of the paper records, so healthcare institutions are looking to solve that problem in a much more efficient way.

So all of those factors have fueled our growth above traditional 10 to 15 percent, towards 20 to 25 percent. But what, in addition that what we'd like to do is fuel that growth by signing up new remarketing partners which will add, you know, even more incremental revenue. And then lastly, by moving into some new lines of business by combining our technology with the opportunity to outsource, I think, will sustain the kinds of revenue growth that we've projected here.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Great. Our next question is, with respect to being a public company and public equity, given the increasing need for the size and scale and liquidity in the public markets, what do you think are going to be the factors that cause you to be successful as a public company on an ongoing basis, and to garner a piece of equity research?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Well certainly we're on the small side in terms of equity research, and what we need to do to move, if you will, to a larger blip on the radar screen of investment managers is to continue executing our strategy of 20 to 25 percent growth plus. And, you know, our threshold, we're getting very close now to some numbers that I think will require some attention. Certainly we're thinly (ph) traded right now, but I think that the kind of results we've demonstrated over the last nine quarters and what we

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anticipate over the next nine quarters, that this story is getting better and better, particularly in a down economy. We're swimming upstream with growth rates that are not typical for many companies in our sector.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Great. Your business model identifies something that's become increasingly attractive to investors, and that's two key factors called visibility and predictability. Can you just discuss again your business model, the factor of recurring revenue versus the non-recurring? Is this recurring revenue, is it licensing fees or does it, is it a subscription fee?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Good question. In the past, and if you go back five years, most of our revenue was a perpetual license that was sold to the hospital, and we got a one-time hit, revenue hit in a positive way, but it was very bursty (ph) if you will, a big hit up front and then a long duration till the next sale. And so that's hard to manage the revenue streams as a result. What is exciting about our business now is that pie chart I showed where as we move forward most of our incremental new business is actually recurring revenue. It's a combination of maintenance for our existing installed base, which is growing, you know, in a 20 percent clip.

And this includes licensing software to end users but there's maintenance which is reoccurring that follows. But more importantly, it's the ASPeN services where we actually rent our software to end users and they pay on a subscription basis. Very predictable, that's why we're very confident in our numbers this year and next is because the percentage of contribution to the whole is much greater today than it was a year ago, and it'll be much greater next year than it is now. So not only is our revenue growing at that clip but it's much more visible than it was in the past.

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**Jim Flanagan** - *IR Strategic Advisors - President*

A follow-up question on this same theme between the maintenance and services, as you enter the new year, in that it's increasingly subscription based, as you begin the year, how much of your next year revenue would be identifiable through the subscriptions that are in place now?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Let me pull that number up for you. That number, next year we're projecting about 44 percent of our overall contribution to be recurring revenue, which is up from 37 percent this year. And we believe that trend will continue into two, three years so that the year after that it should be closer to 50 percent and climbing.

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**Jim Flanagan** - *IR Strategic Advisors - President*

So that's what, to a great extent gives you the confidence in those growth numbers?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Absolutely.

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**Jim Flanagan** - *IR Strategic Advisors - President*

A follow-up question to this from our audience, what is the typical term of these contracts so that they can look out, is it a one year, two year, three year type contracts?

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

In the subscription model, which we call ASPeN, the typical deal is four years. We'll go lower in certain circumstances, and also higher of course, but a typical deal is a four year deal, and I'll give you some numbers. I mentioned in my presentation that if we license a perpetual license to an end user that's installed locally, the average value of the deal is about a million dollars plus. In the ASPeN model, a typical mid-sized hospital, the revenue contribution per year over four years can be in the neighborhood of 500,000 to \$800,000 per year over four years.

So we love that, it's very predictable, there's a good value proposition there, and what's most important is it's very CFO friendly in that it goes into their operating budget as opposed to their capital budget, and they get an immediate payback because they're only paying for that portion that they're using.

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**Jim Flanagan** - *IR Strategic Advisors - President*

For our live audience participants today, we remind you that you may submit a question at any time by simple typing your query into the question field that you'll find in the lower left-hand side of the Webcast player. Our next question is regarding the connect the dots statements that you made in your prepared remarks. Do you need to gain additional strategic partners and resellers? What profile would they have that may be different or similar to the existing players that you're working with now?

**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Well that's a great question. In connecting the dots there are other strategic players, let me layer the response for you. First of all, we'd like to partner with large clinical information systems software companies. We have already partnered with two, namely Siemens and IDX. Obviously there are many others out there that we'd like to partner with. These relationships are nonexclusive where they bolt on our technology to their clinical information systems. So that's one bucket, if you will, that we'd like to manage and grow.

Secondly, if you look at the lifecycle of the patient record and who touches it, there's many different sectors that touch the medical record. There's the paper handling companies such as the Iron Mountains, and so we'd like to work collaboratively with those companies to provide infrastructure, and warehouses and scanning resources to capture the information and index it on our behalf, and store it on our behalf. Then there's the various sectors that handle the medical record, you have the transcription companies, you have the release of information companies, you have the coding companies and the abstracting companies, and we are very actively pursuing all of those because our workflow technology compliments all of them, and actually ties all of those functions together in a workflow process.

And then finally the most important one, in our opinion, is the outsourcing companies. That's kind of the cherry on top of the dessert, if you will, where now that we have all of this process covered in terms of connect the dots with our strategic partners, we can go to the CEO of a hospital and say, let us take over the entire medical record process from cradle to grave, handling every aspect of it, not just the electronics, not just the computers but the physical paper handling, the disposal, the HIPAA compliance, the scanning, the indexing, the release of information.

And let's do that as a service, and we'll do it for an operating budget less than what you've paid in the past. That's what's really exciting to us, and what we're finding, particularly in the middle market, that's the medium-sized hospitals, there's a real shortage of talent out there, and there's a lot of vacancies in various department, hospital information system department functions, where we think we can go in and combine the outsourcing of the people along with our technology and have a profound impact on that institution.

**Jim Flanagan** - *IR Strategic Advisors - President*

A related question, you've stated that you're medical record centric as a company, and you're providing workflow technology. Does your software, your application or your technology, does it integrate with other third-party providers, for instance a content provider that the hospital may use, and how does this work within existing system?

**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Great question. We do integrate with any third-party application, and in my presentation I mentioned the product called LanVision Application Bridge, and that allows us to integrate with any third-party application and launch seamlessly within it. For example, we've already done that with Siemens and IDX.

**Jim Flanagan** - *IR Strategic Advisors - President*

Excellent. I think this will be our last question, but it's been noted by many people including our luncheon keynote speaker that historically the hospital or the medical community has been a late adopter of technology. What kind of hurdles are you finding in this space to bring in a technology, a workflow technology to these hospitals?

**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Another great question. Indeed there has been a slowness by healthcare to adopt these technologies. I think as everyone knows, healthcare's lagged in implementation of IT, behind banking, insurance and other markets, as well as outsourcing. They've lagged in both of those areas, so I think HIPAA is driving that. I also think that they're going to be forced to look for more efficiencies in terms of combining the people process

# FINAL TRANSCRIPT

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and technology. And, you know, that's good news and bad news.

The fact that it's a low adoption rate means there's a high opportunity, and finally one of the ways we're doing that is actually bolting on this technology to those larger companies that are selling those clinical information systems, so we're basically going along for the ride. I'd like to continue to do that as well as grow organically by selling a packaged service solution.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Excellent. That sounds like a great opportunity to be successful. We thank LanVision and specifically Mr. J. Brian Patsy, CEO and Paul Bridge, the CFO, for participating today in CCBN's Virtual Healthcare Conference.

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**J. Brian Patsy** - *LanVision Systems Incorporated - President And Ceo*

Thank you Jim.

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**Jim Flanagan** - *IR Strategic Advisors - President*

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