STREAMLINE HEALTH SOLUTIONS INC.
Form 10-K
April 26, 2013
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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, 2013
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

STREAMLINE HEALTH SOLUTIONS, 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.)

1230 Peachtree Street, NE, Suite 1000,
Atlanta, GA 30309
(Address of principal executive offices) (Zip Code)
(404) 446-0050
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12 (b) of the Act:
Common Stock, $.01 par value
(Title of Class)
The NASDAQ Stock Market, Inc.
(Name of exchange on which listed)
Securities registered pursuant to Section 12 (g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
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 ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12h-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company x
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed using the closing price as reported by The NASDAQ Stock Market, Inc. for the Registrant’s Common Stock on July 31, 2012, was $41,012,275.

The number of shares outstanding of the Registrant’s Common Stock, $.01 par value, as of April 23, 2013: 12,680,615

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DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Streamline Health Solutions, Inc.'s (the "Company") proxy statement for the annual meeting of stockholders to be held on May 22, 2013 are incorporated by reference into Part III of this annual report on Form 10-K to the extent stated herein. Except with respect to information specifically incorporated by reference in this annual report on Form 10-K, the proxy statement for the annual meeting of stockholders to be held on May 22, 2013 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 relating to the Company's plans, strategies, expectations, intentions, etc. and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained herein do not guarantee future performance and are subject to certain risks and uncertainties that are difficult to predict and actual results could differ materially from those reflected in the forward-looking statements. These risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell the Company products, the ability of the Company to control costs, availability of products produced from third party vendors, the healthcare regulatory environment, potential changes in legislation, regulation and government funding affecting the healthcare industry, healthcare information systems budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accountings Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry, the markets in which the Company operates and nationally, and the Company's ability to maintain compliance with the terms of its credit facilities, and other risk factors that might cause such differences, including those discussed herein, including, but not limited to, discussions in the sections entitled Part I, "Item 1 Business", Part II, "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8 Financial Statements and Supplemental Data." In addition, other written or oral statements that constitute forward-looking statements may be made by or on behalf of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date thereof. The Company 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 this and 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.

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PART I

ITEM 1. Business

Company Overview

Founded in 1989, the Company is a leading provider of enterprise content management and business analytics solutions for healthcare organizations. The Company provides computer software-based solutions that help hospitals and physician groups improve efficiencies and business processes across the enterprise to enhance and protect revenues. The Company’s enterprise content management solutions transform unstructured data into digital assets that seamlessly integrate with disparate clinical, administrative, and financial information systems. The Company’s business analytics solutions provide real-time access to key performance metrics that enable healthcare organizations to identify and manage opportunities to maximize financial performance. The Company's clinical documentation and computer assisted coding products improve productivity of coding staff as well as sharing and review of data. Additionally, the Company’s integrated workflow systems automate and manage critical business activities to improve organizational accountability and drive both operational and financial performance. Across the revenue cycle, these solutions offer a flexible way to optimize the clinical and financial performance of healthcare organizations.

The Company’s software solutions are delivered to clients either by purchased perpetual license, where such software is installed locally in the client’s data center, or by access to the Company’s data center systems through a secure connection, which is a delivery method commonly referred to as software as a service (SaaS).

The Company operates primarily in one segment as a provider of health information technology solutions that improve healthcare processes and information flows within a healthcare facility. The Company sells its solutions and services in North America to hospitals and health systems, including physician practices, through its direct sales force and its reseller partnerships.

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

Solutions

The Company offers solutions relating to enterprise content management, business analytics, integrated workflow systems, clinical documentation improvement and computer assisted coding. Each such solution is designed to improve the flow of critical patient information across the revenue cycle. Each of the Company’s solutions help to transform and structure information between disparate information technology systems into actionable data, giving the end-user comprehensive access to clinical, financial, and administrative information. All solutions can be delivered either by perpetual license installed locally or accessed securely through SaaS.

Enterprise Content Management Solutions — These solutions assist clients in the completion of electronic patient records by capturing, storing, and intelligently distributing the unstructured data that exists at all touch points across the patient care continuum. They create a permanent, document-based repository of historical health information that integrates seamlessly with existing clinical, financial, and administrative information systems.

Business Analytics Solutions — These solutions allow staff across the healthcare enterprise to drill down quickly and deeply into actionable and real-time financial data and key performance indicators to improve revenue realization and staff efficiency. These solutions include dashboards, data mining tools, and prescriptive reporting, which help to simplify, facilitate, and optimize overall revenue cycle operating performance of the healthcare enterprise. The Company’s integrated workflow solutions automate and drive the ownership and accountability required to effectively manage revenue cycle activities within virtually any department. As integral parts of our enterprise solutions, they are used to improve the quality and accuracy of data captured during patient admission, registration and scheduling. They are also used to increase the completion and accuracy of patient charts and related coding, improve accounts receivable collections, reduce and manage denials, and improve audit outcomes.

Integrated Workflow Solutions — These solutions automate and drive the ownership and accountability required to effectively manage revenue cycle activities within virtually any department of the healthcare enterprise. As integral parts of our enterprise solutions, they are used to improve the quality and accuracy of data captured during patient admission, registration and scheduling. These solutions are also used to increase the completion and accuracy of patient charts and related coding, improve accounts receivable collections, reduce and manage denials, and improve

audit outcomes.

Clinical Documentation and Computer Assisted Coding Solutions — These solutions provide an integrated web-based software suite that enhances the productivity of Clinical Documentation Improvement and Coding staff, and enables seamless sharing of patient data. These solutions include a patented computer-assisted coding tool with Natural Language Processing ("NLP") that streamlines concurrent chart review and coding workflows. The solutions also automate the clinical

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documentation improvement process and includes physician query functionality for users. With these solutions, concurrent review, coding and query data can be compiled across all applicable encounter types in the enterprise to easily generate management reports, including query rates and query response times, top Diagnosis Related Groups ("DRG") queried, coding productivity, summary by physician service, and computer-assisted coding results.

Services

Custom Integration Services — The Company's professional services team works with clients to design custom integrations that integrate data to or from virtually any clinical, financial, or administrative system. By taking data and documents from multiple, disparate systems and bringing them into one streamlined system, clients are able to maximize efficiencies and increase operational performance. The Company's professional services team also creates custom integrations that pull data from the Company's solutions into the client's external or internal systems.

Training Services — Training courses are offered to help clients quickly learn to use their solutions in the most efficient manner possible. Training sessions are available on-site or off for as few as one person or multiple staff members.

Electronic Image Conversion — The Company's electronic image conversion service allows organizations to protect their repository of images while taking advantage of our content management technology. Electronic image conversion creates one repository that integrates directly with AccessAnyWare, our clinical content management system. This service is available via the SaaS model or for locally-installed solutions.

Database Monitoring Services — The Company's advanced database monitoring services for locally-installed clients help lighten the burden of ongoing system monitoring by the client's information technology staff and ensure a continual, stable production environment. The Company's database administrators ensure the client's system is running optimally with weekly, manual checks of the database environment to identify system issues that may require further attention. Monitoring is done through protected connections, so data is safe and secure.

Clients and Strategic Partners

As of January 31, 2013, the Company had a client base that included 104 hospital and health system clients representing over 464 contracted locations representing hospitals, ambulatory centers and owned physician pracitices. The Company's clients are among the most prestigious healthcare providers in the United States and Canada.

In 2002, the Company entered into a five year Remarketing Agreement with IDX Information Systems Corporation, which was subsequently acquired by GE Healthcare, a unit of the General Electric Company, in January 2006. Under the terms of the Remarketing Agreement, IDX/GE was granted a non-exclusive worldwide license to distribute the Company's solutions to its clients and prospective clients, as defined in the Remarketing Agreement. The Agreement has an automatic annual renewal provision and, after the initial five year term, which ended January 30, 2007, can be cancelled by IDX/GE upon 90 days' written notice to the Company. This automatic annual renewal provision now extends the agreement through January 30, 2014. As reported in the prior year; during the fourth quarter of fiscal 2010 GE Healthcare shifted its organizational focus to upgrading its current clients to GE's latest version software. While the remarketing agreement with GE Healthcare remains in effect; the ongoing impact on the Company will most likely be a decline in net new sales opportunities from GE Healthcare.

In December 2007, the Company entered into an agreement with Telus Health (formerly Emergis, Inc.), a large international telecommunications corporation based in Canada, in which Telus Health is integrating the Company's AccessAnyWare document management repository and document workflow applications into its Oacis (Open Architecture Clinical Information System) Electronic Health Record solution.

In June 2010, the Company announced a referral marketing agreement with MRO Corp. of King of Prussia, PA, a leading provider of disclosure management applications and services for healthcare organizations. Through the agreement, MRO Corp. will refer the Company's document workflow and management solutions to its hospital and healthcare clients seeking to bridge the productivity gap between paper-based processes and transaction-based healthcare information systems. The Company will refer MRO Corp. to its hospital and healthcare clients looking for disclosure management applications and services, such as ROI Online™. Overall, this agreement expands penetration into new and existing markets for both organizations, and offers healthcare providers an opportunity to advance their facility's technology and processes with integrated solutions.

In February 2012, the Company entered into a joint marketing agreement with FTI Consulting, a global business advisory firm which helps organizations protect and enhance their enterprise value. As part of the agreement, which

has an initial term of three years, FTI Consulting will promote the benefits of the the Company's business intelligence and analytic software solutions, and the Company will promote FTI Consulting's consulting services to their respective clients and prospects in consideration for a share of revenues in case of successful placements.

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In May 2012, the Company entered into a cross marketing agreement with nTelegent, a leading provider healthcare point-of-service solutions which guide patient access staff through each patient encounter via real-time, customized scripts that ensure an efficient information flow from insurance verification to payment processing. Under the terms of the agreement, nTelegent may utilize the Streamline Health business analytics solution OpportunityAnyWare™ to facilitate the increase of upfront cash and cash on hand, as well as reduce AR days and bad debt for clients. The companies have agreed to offer each other's services within their respective client bases to help maximize revenue cycle performance.

In December 2012, the Company entered into a cross marketing agreement with RSource, a leading provider of receivables management recovery solutions for healthcare providers. Under the terms of the agreement, RSource may utilize the Streamline Health business analytics solution OpportunityAnyWare™ to facilitate the revenue recovery services it provides to its clients, known as RCover. With OpportunityAnyWare, RSource now has the ability to identify financial opportunities for its clients and the agility to work with any data set and generate fast, sustainable return on investment. In addition, the companies can offer each other's services within their respective client bases to help maximize revenue cycle performance.

Competition

Several companies historically have dominated the clinical information system software market and several of these companies have either acquired, developed or are developing their own document management and workflow technologies. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Strategic alliances between vendors offering health information management workflow and document management technologies 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 client 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. The Company has many competitors including clinical information system vendors that are larger and more established and have substantially more resources than the Company.

The Company believes that the principal competitive factors in its market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible products, the effectiveness of marketing and sales efforts, price, and the size and perceived financial stability of the vendor. In addition, the Company 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.

Contracts

The Company enters into master agreements with its clients that specify the scope of the system to be installed and/or services to be provided by the Company, as well as the agreed upon aggregate price and the timetable for services. Typically these are multi-element arrangements which include a perpetual license which is installed locally at the client site (or the right to use the Company’s solutions as a part of SaaS services), and an initial maintenance term and third party components including hardware and software (included with SaaS services), and professional services for implementation, integration, process engineering, optimization and training. If the client purchases solutions via software as a service, the client is billed monthly for a specified term from one to seven years in length depending on the solution. The SaaS fee includes all maintenance and support services. SaaS clients also will utilize professional services for implementation, integration, process engineering, optimization and training, which is billed separately from the SaaS fees. Professional services are typically fixed fee arrangements billable to clients based on agreed-to milestones.

The commencement of revenue recognition varies depending on the size and complexity of the system, the implementation schedule requested by the client and usage by clients of software as a service. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period. The Company’s master agreements generally provide that the client 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 client will not cancel all or any portion of a master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company’s business, financial condition, and results of operations. The Company does not have a history of contract cancellations; however delays are sometimes experienced in the course of the contract and are accounted for accordingly.

License fees

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 license fees when such software is delivered to clients.

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Associates
As of January 31, 2013, the Company had 117 full-time associates, a net increase of 41 during the fiscal year. The Company utilizes independent contractors to supplement its staff, as needed. None of the Company's associates are represented by a labor union or subject to a collective bargaining agreement. The Company has never experienced a work stoppage and believes that its employee relations are good. The Company's success depends, to a significant degree, on its management, sales and technical personnel.

For more information on contracts, acquisitions, and research and development see also ITEM 7, MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Requests for Documents
Copies of documents filed by the Company with the Securities and Exchange Commission, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, etc., and all amendments to those reports, if any, can be found at the web site http://investor.streamlinehealth.net as soon as practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. The information contained on the Company's website is not part of, nor incorporated by reference into this annual report on Form 10-K, Copies can be downloaded free of charge from the Company web site or directly from the Securities and Exchange Commission web site, http://www.sec.gov/. Also, copies of the Company's annual report on Form 10-K will be made available, free of charge, upon written request to the Company, attention: Corporate Secretary, 1230 Peachtree Street, NE, Suite 1000, Atlanta, GA 30309.

Materials that the Company files with the Securities and Exchange Commission may also be read and copied at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Washington, DC 20549, on official business days during the hours of 10:00 am to 3:00 pm. Information on the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Securities and Exchange Commission at http://www.sec.gov.

ITEM 2. Properties
The Company's principal offices are located at 1230 Peachtree Street, NE, Suite 1000, Atlanta, GA 30309. The Company leases all of its properties. The current rental expense for all of these facilities approximated $781,000 for the year ended January 31, 2013. The following table references each property leased by the Company, such property's general character, approximate size, lease term and any renewal option contained in such property's lease.

Location	Area (Sq. Feet)	Principal Business Function	End of Term	Renewal Option
Atlanta, GA	8,592	Corporate Office	July 10, 2018	None
Cincinnati, OH	21,700	Satellite Office	July 15, 2015	None
New York, NY	10,000	Satellite Office	August 31, 2014	None
Cincinnati, OH	1,166	Data Center	June 1, 2012	Auto-renewal
Del Mar, CA	200	Satellite Office	Month-to-month	None

The Company believes that its facilities are adequate for its current needs and that suitable alternative space is available to accommodate expansion of the Company's operations.

ITEM 3. Legal Proceedings
The Company is, from time to time, a party to various legal proceedings and claims, which arise, in the ordinary course of business. Management is not aware of any legal matters that it believes will have a material adverse effect

on the Company’s consolidated results of operations, consolidated financial position, or consolidated cash flow.

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PART II

ITEM 5. Market For Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities

The Company's common stock trades on the Capital Market tier of The NASDAQ Stock Market under the symbol STRM. The table below sets forth the high and low sales prices for the Company's common stock for each of the quarters in fiscal years 2012 and 2011, as reported by The NASDAQ Stock Market, Inc. The closing price of the Company's common stock on April 10, 2013 was $7.12 per share as reported by The NASDAQ Stock Market, Inc.

Fiscal Year 2012	High	Low
4th Quarter (November 1, 2012 through January 31, 2013)	$6.00	$4.75
3rd Quarter (August 1, 2012 through October 31, 2012)	6.60	3.50
2nd Quarter (May 1, 2012 through July 31, 2012)	4.59	1.70
1st Quarter (February 1, 2012 through April 30, 2012)	1.88	1.61

Fiscal Year 2011	High	Low
4th Quarter (November 1, 2011 through January 31, 2012)	$1.86	$1.35
3rd Quarter (August 1, 2011 through October 31, 2011)	2.06	1.43
2nd Quarter (May 1, 2011 through July 31, 2011)	2.19	1.60
1st Quarter (February 1, 2011 through April 30, 2011)	2.05	1.44

According to the stock transfer agent's records, the Company had 208 stockholders of record as of April 10, 2013. Because brokers and other institutions on behalf of stockholders hold many of such shares, the Company is unable to determine with complete accuracy the current total number of stockholders represented by these record holders. The Company estimates that it has approximately 2,200 stockholders, based on information provided by the Company's stock transfer agent from their search of individual participants in security position listings.

The Company has not paid any cash dividends on its common stock since its inception and dividend payments are prohibited/restricted under debt agreements.

Securities authorized for issuance under equity compensation plans required by Item 201(d) of Regulation S-K are as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	1,561,910	(1, 2)	$3.14	383,786	(5)
Equity compensation plans not approved by security holders	1,123,328	(3)	$2.85	—	(4)
Total	2,685,238	(1, 2 & 3)	$3.02	383,786	

(1) Includes 5,000 options that can be exercised under the 1996 Employee Stock Option Plan.

(2) Includes 1,556,910 options that can be exercised under the 2005 Incentive Compensation Plan.

(3) Options granted under an inducement grant with terms as nearly as practicable identical to the terms and conditions of the Company's 2005 Incentive Compensation Plan. The share and option awards are inducement grants, pursuant to NASDAQ Marketplace Rule 5635(c)(4).

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(4) The Company’s board of directors has not established any specific number of shares that could be issued without stockholder approval. Inducement grants to new key employees will be determined on a case-by-case basis. Other than possible inducement grants, the Company expects that all equity awards will be made under stockholder approved plans.

(5) Includes 240,528 shares to be issued from the 2005 Incentive Compensation Plan and 143,258 shares to be issued from the Employee Stock Purchase Plan.

ITEM 7. Management’s Discussion And Analysis Of Financial Condition And Results Of Operations

EXECUTIVE OVERVIEW

In fiscal 2012, management outlined four strategic areas of focus that would facilitate improving the performance of the Company. Those points included: scale and manage our infrastructure cost to efficiently and effectively grow the business: expand our sales footprint to capture a greater share of net new sales opportunities: enhance our client experience: and continue to introduce new and enhanced solutions to the market.

First, the Company focused on growing its infrastructure as the business grew and began to reach scale. Specifically, the Company continued to invest in the human capital necessary to successfully support the anticipated growth in client demand for its solutions. In fiscal 2012, the Company formally announced the relocation of its headquarters to Atlanta, Georgia as it consolidated more of its associates into office space it acquired in fiscal 2011 from the former Interpoint Partners. The greater Atlanta metropolitan area, according to the Metro Atlanta Chamber of Commerce, is home to 225 healthcare information technology companies, providing a wealth of innovation and talent for the Company to consider. At the beginning of fiscal 2012, the Company had approximately 13 associates working in the Atlanta office and by the end of the year, it had 75 associates working in Atlanta. More importantly, the Company has consolidated all of its executive officers into the headquarters, so all direct reports to the CEO now work in the same location.

Second, the Company continued to expand is sales footprint to take advantage of the many sales opportunities in the market. Specifically, the Company has invested in sales and marketing growth by increasing the number of associates in its sales and marketing organization from two individuals to twelve individuals. In addition, the Company greatly extended its sales and marketing reach by expanding its indirect channel partners. During fiscal year 2012, new relationships were established with FTI, nTelagent and RSource.The relationship with FTI has been productive by the Company's standards, and the two newest relationships are still developing. The Company expects all three of these indirect partnerships to contribute to its net new sales bookings going forward.

Third, the Company is enhancing its client experience in order to build loyalty and increase the its share information technology spending among its current clients. Executive leadership spends a great amount of time visiting clients and prospects at their facilities in order to learn first hand how the Company is performing for them, what it can do better, and what additional solutions it could provide to meet their growing needs. In fiscal 2012 the Company hosted its most successful and best attended NEXTSummit, its annual users conference, wherein management presents future plans and solutions and gathers direct feedback from its clients. The Company is currently planning to host its 2013 NEXTSummit in late April 2013, and the size and scope of this important client meeting exceeds last year's event.

Lastly, the Company continues to introduce new and enhanced solutions to existing and new clients. By listening directly to clients and sales prospects, the Company learns firsthand the most important and compelling issues they face now, and the issues just ahead, as they react to the many macro issues affecting the healthcare industry today. The impending transition from ICD-9 to ICD-10 coding; the dramatic changes on payment models from the implementation of the Affordable Care Act; and the move from Meaningful Use Phase I to Phase II create a great amount of uncertainty and even anxiety among primary decision-making client CEO's and CFO's. Based on this client input, the Company completed the acquisition of Meta Health Technology, enabling it to deliver an entirely new solution suite, providing clients with clinical documentation improvement and computer assisted coding solutions, specifically designed to address the challenges of ICD-10 transition which providers must comply with by October 1, 2014. In addition, during the year the Company released version 5.3 of its AccessAnyWare solutions, and continued to provide quarterly updates to its OpportunityAnyWare solution.

Results of Operations

Acquisition of Interpoint Partners, LLC

On December 7, 2011, the Company completed the acquisition of substantially all of the assets of Interpoint Partners, LLC (“Interpoint”). The Company believes that the acquisition of Interpoint’s operations will provide clients with the advanced technology solutions that they need to improve key operational and financial performance metrics of their businesses. The Company paid a total initial purchase price for the Interpoint acquisition of $5,124,000, consisting of cash of $2,124,000 and issuance of a convertible subordinated note for $3,000,000. The note was converted into 1,529,729 shares of common stock on

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June 15, 2012 at a price of $2.00 per share. Additionally, the agreement provides for a contingent earn out payment in cash or an additional convertible subordinated note based on Interpoint's financial performance for the 12 month period beginning 6 months after closing and ending 12 months thereafter. The Company also assumed certain current operating liabilities of Interpoint. The acquisition of Interpoint has been accounted for as a purchase business combination. The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The operations of Interpoint are consolidated with the results of the Company from December 7, 2011. Please refer to the audited financial statements and related footnotes for further details.

Acquisition of Meta Health Technology, Inc.

On August 16, 2012, the Company acquired substantially all of the outstanding stock of Meta Health Technology, Inc., a New York corporation ("Meta"). The Company paid a total purchase price of approximately $14,790,000, consisting of cash payment of $13,288,000 and the issuance of 393,086 shares of our common stock at an agreed upon price of $4.07 per share. The fair value of the common stock at the date of issuance was $3.82. As of October 31, 2012 the Company had acquired 100% of Meta's outstanding shares. The purchase price is subject to certain adjustments related principally to the delivered working capital level, which will be settled in third quarter of fiscal 2013, and/or indemnification provisions. Under the acquisition method of accounting, the purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The operations of Meta are consolidated with the results of the Company from August 16, 2012. Please refer to the audited financial statements and related footnotes for further details.

Statement of Operations for the fiscal years ended (amounts in thousands):

	Fiscal Year			
	2012	2011	Change	% Change
Systems sales	$1,463	$722	$741	103 %
Professional services	3,793	3,370	423	13 %
Maintenance and support	11,211	8,868	2,343	26 %
Software as a service	7,300	4,156	3,144	76 %
Total revenues	23,767	17,116	6,651	39 %
Cost of sales	11,593	8,884	2,709	30 %
Selling, general and administrative	10,061	6,577	3,484	53 %
Product research and development	2,948	1,409	1,539	109 %
Total operating expenses	24,602	16,870	7,732	46 %
Operating profit (loss)	(835)	246	(1,081)	(439)%
Other income (expense), net	(7,433)	(209)	(7,224)	3,456 %
Income tax expense	2,889	(24)	2,913	(12,138)%
Net earnings(loss)	$(5,379)	$13	$(5,392)	(41,477)%
Adjusted EBITDA(1)	$6,560	$4,327	$2,233	52 %

(1) Non-GAAP measure meaning earnings before interest, tax, depreciation, amortization, stock-based compensation expense, transactional and one-time costs. See "Use of Non-GAAP Financial Measures" below for additional information and reconciliation.

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The following table sets forth, for each fiscal year indicated, certain operating data as percentages:
Statement of Operations(1)

	Fiscal Year	
	2012	2011
Systems sales	6.2 %	4.2 %
Professional services	16.0	19.7
Maintenance and support	47.2	51.8
Software as a service	30.7	24.3
Total revenues	100.0 %	100.0 %
Cost of sales	48.8	51.9
Selling, general and administrative	42.3	38.4
Product research and development	12.4	8.2
Total operating expenses	103.5	98.6
Operating profit (loss)	(3.5)	1.4
Other income (expense), net	(31.3)	(1.2)
Income tax net loss	12.2	(0.1)
Net earnings (loss)	(22.6)%	0.1 %
Cost of systems sales	187.8 %	309.9 %
Cost of services, maintenance and support	42.2 %	39.5 %
Cost of software as a service	34.4 %	43.7 %

(1) Because a significant percentage of the operating costs are incurred at levels that are not necessarily correlated with revenue levels, a variation in the timing of systems sales and installations and the resulting revenue recognition can cause significant variations in operating results. As a result, period-to-period comparisons may not be meaningful with respect to the past operations nor are they necessarily indicative of the future operations of the Company in the near or long-term. 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.

Comparison of fiscal year 2012 with 2011

Revenues

Revenues consisted of the following (in thousands):

	Fiscal Year			
	2012	2011	Change	% Change
System Sales:				
Proprietary software	$1,001	$227	$774	341 %
Hardware & third party software	462	495	(33)	(7)%
Professional services	3,793	3,370	423	13 %
Maintenance & support	11,211	8,868	2,343	26 %
Software as a service	7,300	4,156	3,144	76 %
Total Revenues (1)	$23,767	$17,116	$6,651	39 %

(1) Fiscal 2011 includes $287,000 of revenue earned from the acquired Interpoint operations subsequent to the acquisition in December 2011, and fiscal 2012 includes $3,395,000 of revenue earned from the acquired Meta operations subsequent to the acquisition in August 2012.

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Proprietary software — Revenues recognized from licensed software sales in fiscal 2012 were $1,001,000, as compared to $227,000 in fiscal 2011, an increase of $774,000, or 341%, from fiscal 2011. This increase is attributable to Meta coding perpetual license sales of $485,000, Meta term license sales of $340,000, and is partially offset by a decrease in Streamline Health perpetual licenses of $52,000.

Hardware and third party software — Revenues from hardware and third party software sales in fiscal 2012 were $462,000, a decrease of $33,000, or 7% from fiscal 2011. The decrease in hardware and third party software revenue in fiscal 2012 is primarily attributable to slightly lower third party licenses sold to clients as compared to fiscal 2011.

Professional services — Revenues from professional services in fiscal year 2012 were $3,793,000, an increase of $423,000, or 13%, from fiscal 2011. The increase is primarily attributable to additional revenues of $466,000 from acquired Meta operations since August 16, 2012, and full-year revenues from Patient Financial Services ("PFS") services of $172,000. Legacy Streamline Health professional services decreased $218,000 year over year. Legacy services decreased due to the timing of which revenue could be recognized based on services performed, as well as a larger volume of open projects in the prior year.

Maintenance and support — Revenues from maintenance and support in fiscal year 2012 were $11,211,000, an increase of $2,343,000, or 26%, from fiscal 2011. The increase in maintenance and support results from Meta maintenance revenue of $1,938,000, and Meta third-party maintenance of $166,000, as well as new or renewed contracts signed in fiscal year 2012. Typically maintenance renewals include a price increase based on the prevailing consumer price index, or increase in the product set purchased by the client.

Software as a service (SaaS) — Revenues from SaaS in fiscal 2012 were $7,300,000, an increase of $3,144,000, or 76%, from fiscal 2011. This increase is attributable to the recognition of add-on SaaS contracts and upgrade contracts signed by current clients, conversions of clients from licensed locally-installed systems to SaaS, and incremental revenues from operations acquired from Interpoint of approximately $2,782,000.

Revenues from remarketing partners — Total revenues from GE Healthcare or GE Healthcare source clients in fiscal year 2012 was $3,033,000 or 13% of total revenue; as compared to $5,197,000, or 30% of total revenue in fiscal 2011.

Revenue by type and source is as follows (in thousands):

	Fiscal Year			
	2012	2011	Change	% Change
Direct Revenue from GE Healthcare:				
Third party hardware and software	$76	211	$(135)	(64)%
Proprietary software	14	85	(71)	(84)%
Professional services	666	1,521	(855)	(56)%
Maintenance and support	1,887	2,850	(963)	(34)%
Software as a service	390	530	(140)	(26)%
Total direct GE revenue	$3,033	5,197	$(2,164)	(42)%
GE source revenue as a percent of total revenue	13%	30%		

In fiscal 2012, four clients ended their direct relationship with GE Healthcare, however these clients were retained as direct clients to the Company. In fiscal 2011, two clients ended their direct relationship with GE Healthcare, and these clients continue to be retained. The Company no longer shares revenue or pays any royalties on these revenues to GE Healthcare.

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Revenues from these clients are as follows (in thousands):

	Fiscal Year			
	2012	2011	Change	% Change
Revenue from former GE sourced clients				
Third party hardware and software	$167	52	$115	221 %
Proprietary software	69	37	32	86 %
Professional services	634	82	552	673 %
Maintenance and support	1,874	644	1,230	191 %
Software as a service	73	—	73	-
Total revenue from former GE sourced clients	$2,817	815	$2,002	246 %
Former GE source revenue as a percent of total revenue	12 %	5 %		

	Fiscal Year			
	2012	2011	Change	% Change
Revenue from current and former GE sourced clients	$5,850	6,012	$(162)	(3)%
Current and former GE source clients as percentage of revenue	25 %	35 %		

The Company relies on GE Healthcare for a significant amount of its revenues, the loss of which would have a material adverse effect on future results of operations. During the fourth quarter of fiscal 2010, the Company learned that GE Healthcare was shifting its organizational focus to upgrading its current clients to their latest version software to assist its clients in meeting meaningful use criteria under the HITECH act. This understanding continues through January 31, 2013. The Company's remarketing agreement with GE Healthcare remains in effect, however the Company did not obtain any net new clients from the relationship in fiscal 2012 or 2011. The opportunity to sell into GE Healthcare's current client base that does not have the Company's solutions remains, as well as the continuing ability to sell additional solutions and services into the existing jointly owned client base through the remarketing agreement. All signed contracts or purchase orders with GE Healthcare to purchase proprietary software, SaaS, professional services, and maintenance, are expected to be fully honored.

Cost of Sales

	Fiscal Year			
(in thousands):	2012	2011	Change	% Change
Cost of systems sales	$2,747	$2,238	$509	23 %
Cost of professional services	3,088	2,630	458	17 %
Cost of maintenance and support	3,246	2,200	1,046	48 %
Cost of software as a service	2,512	1,816	696	38 %
Total cost of sales	$11,593	$8,884	$2,709	30 %

Cost of systems sales includes amortization and impairment of capitalized software expenditures, royalties, and the cost of third-party hardware and software. Cost of systems sales, as a percentage of systems sales, varies from period-to-period depending on hardware and software configurations of the systems sold. The relatively fixed cost of the capitalized software amortization, without the addition of any impairment charges, compared to the variable nature of system sales causes these percentages to vary dramatically. The increase in fiscal 2012 cost of sales is primarily the result of amortization of software acquired as part of the Meta acquisition of $467,000.

The cost of professional services includes compensation and benefits for personnel, and related expenses. The increase in expense is primarily due to additional costs associated with the Interpoint and Meta acquisitions.

The cost of maintenance and support includes compensation and benefits for client support personnel and the cost of third party maintenance contracts. These increases are primarily due to additional maintenance and support costs as part of the Meta acquisition.

The cost of software as a service is relatively fixed, but subject to inflation for the goods and services it requires. The increase is related to depreciation of new equipment and new third party maintenance contracts from infrastructure spending as

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the Company added new or add-on SaaS contracts, as well as the inclusion of Interpoint operations and amortization of the acquired software development costs for a full year.

Selling, General and Administrative Expense

	Fiscal Year			
(in thousands):	2012	2011	Change	% Change
General and administrative expenses	$7,702	$4,290	$3,412	80 %
Sales and marketing expenses	2,358	2,287	71	3 %
Total selling, general, and administrative	$10,060	$6,577	$3,483	53 %

General and administrative expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company’s executive and administrative staff, general corporate expenses, amortization of intangible assets, and occupancy costs. The increase over the prior year is primarily due to transaction costs associated with the Meta acquisition of $1,306,000 as well as additional general and administrative expenses associated with the Meta operations. Amortization of intangible assets added incremental expense to fiscal 2012 due to the amortization of assets acquired as part of the acquisition of Interpoint and Meta. We recognized approximately $584,000 in amortization expense in fiscal 2012 for acquired intangible assets as compared to $2,000 in the fiscal 2011.

Sales and marketing expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company’s sales and marketing staff; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses. The slight increase in sales and marketing expense reflects an increase in total compensation for sales staff.

Product Research and Development

	Fiscal Year			
(in thousands):	2012	2011	Change	% Change
Research and development expense	$2,948	$1,409	$1,539	109 %
Capitalized research and development cost	2,000	2,600	(600)	(23)%
Total R&D cost	$4,948	$4,009	$939	23 %

Product research and development expenses consist primarily of compensation and related benefits; the use of independent contractors for specific near-term development projects; and an allocated portion of general overhead costs, including occupancy. Research and development expense increased due to higher support for newly released software versions, which also decreased the number of hours available to be capitalized, which is reflected in the capitalized research and development costs. Research and development expenses in fiscal 2012 and 2011, as a percentage of revenues, were 12% and 8%, respectively.

Other Income (Expense)

Interest expense in fiscal 2012 was $1,957,010, compared to $179,000 in fiscal 2011. Interest expense consists of interest and commitment fees on the line of credit, interest (including accruals for success fees) on the term loans entered into in conjunction with the Interpoint and Meta acquisitions, interest on the convertible note entered into in conjunction with the Interpoint acquisition, and is inclusive of $219,000 in deferred financing cost amortization. Interest expense increased during 2012 primarily because of the increases from the term loan interest and success fees, and deferred financing costs related to the Meta acquisition. The Company recorded losses on the conversion of the convertible subordinated notes of $57,000 and $5,913,000, related to the Interpoint and private placement investment, respectively. The Company also recorded a valuation adjustment to its warrants liability, recorded as miscellaneous income of $489,000, using assumptions made by management to adjust to the current fair market value of the warrants at January 31, 2013.

Provision for Income Taxes

The Company recorded a tax benefit of $2,889,000 at January 31, 2013 which is comprised of current state and local taxes payable of approximately $47,000, and deferred tax benefit of approximately $2,936,000. The deferred tax benefit comprised of the tax benefit recorded for the release of the deferred tax asset valuation allowance and the related reduction in

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income tax expense of approximately $3,000,000, as a result of deferred tax liabilities recorded related to the Meta acquisition, and the effect of temporary differences during fiscal 2012.
The tax provision of $24,000 for fiscal 2011 consists of state and local taxes, and alternative minimum tax. The Company determined it was more likely than not that the deferred tax amount will not be realized.
Backlog

	2012	2011
Company proprietary software	$3,416,000	$181,000
Hardware and third party software	100,000	194,000
Professional services	4,527,000	5,945,000
Maintenance and support	22,504,000	10,504,000
Software as a service	20,439,000	10,542,000
Total	$50,986,000	$27,366,000

At January 31, 2013 the Company had master agreements and purchase orders from clients and remarketing partners for systems and related services which have not been delivered or installed which, if fully performed, would generate future revenues of approximately $50,986,000 compared with $27,366,000 at January 31, 2012.
The Company's proprietary software backlog consists of signed agreements to purchase software licenses and term licenses. Typically, this is software that is not yet generally available, or the software is generally available and the client has not taken possession of the software.
Third party hardware and software consists of signed agreements to purchase third party hardware or third party software licenses that have not been delivered to the client. These are products that the Company resells as components of the solution a client purchases. The increase in backlog is primarily due to three clients which have made purchases for future systems implementations. These items are expected to be delivered in the next twelve months as implementations commence.
Professional services backlog consists of signed contracts for services that have yet to be performed. Typically backlog is recognized within twelve months of the contract signing. The increase in backlog is due to several clients that signed contracts during fiscal 2012 for add-on solutions, upgrades, or expansion of services at additional locations for which contracted services have not yet been performed.
Maintenance and support backlog consists of maintenance agreements for licenses of the Company's proprietary software and third party hardware and software with clients and remarketing partners for which either an agreement has been signed or a purchase order under a master agreement has been received. The Company includes in backlog the signed agreements through their respective renewal dates. Typical maintenance contracts are for a one year term and are renewed annually. Clients typically prepay maintenance and support which is billed 30-60 days prior to the beginning of the maintenance period. The Company does not expect any significant client attrition over the next 12 months. Maintenance and support backlog at January 31, 2013 was $22,504,000 as compared to $10,504,000 at January 31, 2012. The Company expects to recognize approximately $11,998,000 out of January 31, 2013 backlog in fiscal 2013. A significant portion of this increase is due to backlog added by Meta maintenance contracts. Additionally, as part of renewals contracts are typically subject to an annual increase in fees based on market rates and inflationary metrics.
At January 31, 2013, the Company had entered into software as a service agreements, which are expected to generate revenues of $20,439,000 through their respective renewal dates in fiscal years 2013 through 2018. The Company expects to recognize approximately $6,843,000 out of January 31, 2013 backlog in fiscal 2013. Typical SaaS terms are one to seven years in length. SaaS backlog and terms are as follows (in thousands):

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	SaaS backlog at January 31, 2013	Average remaining months in term
7 year term	$ 1,458	59
6 year term	989	65
5 year term	13,651	30
3 year term	2,288	29
Less than 3 year term	2,053	16
Total SaaS backlog	$ 20,439	

The commencement of revenue recognition for SaaS varies depending on the size and complexity of the system; the implementation schedule requested by the client and ultimately the official go-live on the system. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period.
All of the Company's master agreements are generally non-cancelable but provide that the client 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 client will not cancel all or any portion of a master agreement or delay portions of the agreement. A termination or delay in 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 financial condition, and results of operations.

Use of Non-GAAP Financial Measures
In order to provide investors with greater insight, and allow for a more comprehensive understanding of the information used by management and the board of directors in its financial and operational decision-making, the Company may supplement the Consolidated Financial Statements presented on a GAAP basis in this annual report on Form 10-K with the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin.
These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Company results as reported under GAAP. The Company compensates for such limitations by relying primarily on our GAAP results and using non-GAAP financial measures only as supplemental data. We also provide a reconciliation of non-GAAP to GAAP measures used. Investors are encouraged to carefully review this reconciliation. In addition, because these non-GAAP measures are not measures of financial performance under GAAP and are susceptible to varying calculations, these measures, as defined by the Company, may differ from and may not be comparable to similarly titled measures used by other companies.
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share
The Company defines: (i) EBITDA, as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization; (ii) Adjusted EBITDA, as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, and transaction expenses and other one-time costs; (iii) Adjusted EBITDA Margin, as Adjusted EBITDA as a percentage of net revenue; and (iv) Adjusted EBITDA per diluted share as Adjusted EBITDA divided by adjusted diluted shares outstanding.
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone. These measures assist management and the board and may be useful to investors in comparing the Company's operating performance consistently over time as they remove the impact of our capital structure (primarily interest charges), asset base (primarily depreciation and amortization), items outside the control of the management team (taxes), and costs that we expect to be non-recurring including: transaction related expenses (such as professional and advisory services), corporate restructuring expenses (such as severances), and other operating costs that are expected to be non-recurring. Adjusted EBITDA removes the impact of share-based compensation expense, which is another non-cash item. Adjusted EBITDA per diluted share will include incremental shares in the share count that would be considered anti-dilutive in a GAAP net loss position.

The board of directors and management also use these measures as (i) one of the primary methods for planning and forecasting overall expectations and for evaluating, on at least a quarterly and annual basis, actual results against such expectations; and, (ii) as a performance evaluation metric in determining achievement of certain executive and associate incentive compensation programs.

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The Company's lenders use Adjusted EBITDA to assess our operating performance. The Company's credit agreements with its lender require delivery of compliance reports certifying compliance with financial covenants certain of which are based on an adjusted EBITDA measurement that is the same as the Adjusted EBITDA measurement reviewed by our management and board of directors.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flow from continuing operating activities; despite the advantages regarding the use and analysis of these measures as mentioned above. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share as disclosed in this annual report on Form 10-K, have limitations as analytical tools, and you should not consider these measures in isolation, or as a substitute for analysis of Company results as reported under GAAP; nor are these measures intended to be measures of liquidity or free cash flow for our discretionary use. Some of the limitations of EBITDA, and its variations are:

- EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the interest expense, or the cash requirements to service interest or principal payments under our credit agreement;
- EBITDA does not reflect income tax payments we are required to make; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Adjusted EBITDA has all the inherent limitations of EBITDA. To properly and prudently evaluate our business, the Company encourages readers to review the GAAP financial statements included elsewhere in this annual report on Form 10-K, and not rely on any single financial measure to evaluate our business. The Company also strongly urges readers to review the reconciliation of GAAP net earnings (loss) to Adjusted EBITDA, and GAAP earnings (loss) per diluted share to Adjusted EBITDA per diluted share in this section, along with the Consolidated Financial Statements included elsewhere in this annual report on Form 10-K.

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to net earnings (loss), a comparable GAAP-based measure, as well as earnings (loss) per diluted share to Adjusted EBITDA per diluted share. All of the items included in the reconciliation from net earnings (loss) to EBITDA to Adjusted EBITDA and the related per share calculations are either recurring non-cash items, or items that management does not consider in assessing the Company's on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess the Company's comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other non-recurring expenses and more reflective of other factors that affect operating performance. In the case of the other non-recurring items, management believes that investors may find it useful to assess the Company's operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

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The following table reconciles net earnings (loss) to EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share for the fiscal years ended January 31, 2013 and 2012 (amounts in thousands, except per share data):

	Fiscal Year	
Adjusted EBITDA Reconciliation	2012	2011
Net earnings (loss)	$(5,379)	$13
Interest expense	1,957	