GREENWAY MEDICAL TECHNOLOGIES INC
Form S-1/A
December 05, 2011

Table of Contents

As filed with the Securities and Exchange Commission on December 5 , 2011

Registration Statement No. 333-175619

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3 to

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Greenway Medical Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Georgia (before reincorporation) **Delaware (after reincorporation)** *(State or other jurisdiction of incorporation or organization)*	**7373** *(Primary Standard Industrial Classification Code Number)*	**58-2412516** *(I.R.S. Employer Identification Number)*

121 Greenway Boulevard
Carrollton, GA 30117
(770) 836-3100
(Address, including zip code, and telephone number, including area code, of Registrants principal executive offices)

James A. Cochran
Chief Financial Officer
Greenway Medical Technologies, Inc.
121 Greenway Boulevard
Carrollton, GA 30117
(770) 836-3100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b- 2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [X] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

CALCULATION OF REGISTRATION FEE(1)

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee(4)
Common Stock, par value $0.0001 per share	$ 100,000,000	$ 11,610

(1) In accordance with Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act), the number of shares being registered and the proposed maximum offering price per share are not included in this table.

(2) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) under the Securities Act.

(3) Includes shares to be sold upon exercise of the underwriters over-allotment option.

(4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We and the selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Prospectus (Subject to Completion)
Dated December 5 , 2011

Shares

Greenway Medical Technologies, Inc.

Common Stock

This is the initial public offering of shares of common stock of Greenway Medical Technologies, Inc.

Greenway is offering of the shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional shares. Greenway will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $ and $. Greenway intends to list the common stock on the New York Stock Exchange under the symbol GWAY.

	Per share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Greenway	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from at the initial public offering price less the underwriting discount.

Investing in our common stock involves risks. See Risk Factors beginning on page 11 .

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This is a firm commitment underwritten offering. The underwriters expect to deliver the shares against payment in New York, New York on , 2011.

J.P. Morgan **Morgan Stanley** **William Blair & Company**

Piper Jaffray **Raymond James**

, 2011

Table of Contents

TABLE OF CONTENTS

Through and including , 2011 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We and the selling stockholders have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. Neither we nor the selling stockholders take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Industry and market data used throughout this prospectus were obtained through our research and surveys and studies conducted by third-parties as well as industry and general publications. Some data and other information are also based on our good faith estimates, which are derived from our review of internal surveys and independent sources. Although we believe that these sources are credible, we have not independently verified any of the data from third-party sources nor have we ascertained any underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding the industry and market data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors. The Company has also relied upon customer case studies cited in this prospectus conducted by third parties. These case studies were conducted on the Company s behalf and funded by the Company. The conclusions regarding the potential for increased cash flow of customers are those of the Company derived upon management s analysis of the results of the case studies and are not attributed to the third parties which conducted the studies.

Greenway®, PrimeSUITE®, PrimePATIENT®, and PrimeRCM® are registered trademarks of Greenway Medical Technologies, Inc. We also use the following trademarks in our business: PrimeENTERPRISE™, PrimeEXCHANGE™, PrimeMOBILE™, PrimeRESEARCH™, PrimeSPEECH™, PrimeIMAGE™ and PrimeDATACLOUD™. Solely for convenience, our trademarks may appear in this prospectus without the ® or ™ symbols, but such references are not intended, to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our trademark rights.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights certain information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should carefully read the entire prospectus, including the section entitled Risk Factors and our financial statements and related notes, before you decide whether to invest in our common stock. If you invest in our common stock, you are assuming a high degree of risk. See the section entitled Risk Factors. References to we, our, us, Company, or Greenway Greenway Medical Technologies, Inc. Unless otherwise indicated, industry data are derived from publicly available sources, which we have not independently verified.

Overview

We are a leading provider of integrated information technology solutions and managed business services to ambulatory healthcare providers throughout the United States. At the core of our suite of solutions and services is PrimeSUITE, our award-winning, fully-integrated electronic healthcare record (EHR), practice management (PM) and interoperability solution. PrimeSUITE integrates clinical, financial and administrative data in a single database to enable comprehensive views of the patient record, which we believe supports efficient workflows throughout each patient encounter, reduces clinical and administrative errors and allows for the seamless exchange of data between our provider customers and the broader healthcare community. We augment our solutions by offering managed business services, including clinically-driven revenue cycle management (RCM) and EHR-enabled research services. By integrating clinical, financial and administrative data and processes, our solutions and services are designed to enable providers to deliver more advanced care and improve their efficiency and profitability. Based on our internal tracking data, over 33,000 providers, which we define as physicians, nurses, nurse practitioners, physician assistants and other clinical staff, use our solutions and services to deliver care to and manage the clinical, financial and administrative information of over 20 million patients.

Our technology solutions and services are designed to address the needs of providers in all ambulatory settings: independent physician practices, multi-specialty group practices, hospital-affiliated and hospital-owned clinics and practices, retail clinics, employer clinics, university and academic health centers, federally-qualified health centers (FQHCs), community health centers (CHCs), integrated delivery networks (IDNs), accountable care communities (ACCs) and accountable care organizations (ACOs). Our single database technology platform, which reflects over 12 years of development, is available in either a cloud-based or premise-based model and is scalable to serve the needs of ambulatory providers of any size. As providers needs evolve, our platform allows for the efficient development and integration of new solutions, which we refer to as our innovation platform.

Our integrated EHR/PM solution is consistently rated among the best in the industry. Since 2004, PrimeSUITE has received 11 Best in KLAS awards in ambulatory EHR and PM categories. We have achieved a customer retention rate of approximately 95% in a market where, according to KLAS, 35% of providers who have adopted EHR technologies, are considering replacing their current vendors. We believe this success is a reflection of our historical and continuing focus on usability at the point of care as our foremost development priority and our commitment to customer service from initial implementation and training to on-going support.

The ambulatory EHR market has historically been underpenetrated and installed systems have been underutilized. We believe adoption of these technologies has been low for several reasons including providers resistance to making the required investment and concerns that creating and managing electronic records may disrupt clinical and administrative workflows. Adoption of EHR solutions is accelerating as more providers realize the benefits of using technology solutions, including the potential return on investment from adoption of solutions such as PrimeSUITE. Government initiatives and legislation have provided additional financial incentives and implementation support for ambulatory providers to adopt EHR solutions. Finally, macro-trends such as increasing consumerism, the shift to quality-based reimbursement and the emerging focus on improving the coordination of care, are creating strong incentives for providers to implement technologies that help them meet the needs of the changing ambulatory healthcare environment.

Table of Contents

We estimate the current market for our solutions and services to be approximately $35 billion. We believe our potential customer base includes approximately 638,000 physicians at over 230,000 practices, as well as approximately 3,500 retail and employer based clinics that contain an additional 8,000 providers. Our core EHR/PM solution, PrimeSUITE, serves an estimated $10 billion market. While approximately 50% of the EHR/PM market is penetrated, only 10% of providers fully utilize their installed EHR solution. The markets for certain of our other solutions include $16 billion for our RCM services, $3.5 billion for our data exchange solution, and $2 billion for our speech understanding solution. However, we operate in a competitive industry, and there is no guarantee that providers that have not implemented EHR/PM solutions or those that do not fully utilize their current solutions will choose to implement or fully utilize our products.

We believe we are competitively positioned to penetrate this market opportunity and to take advantage of emerging trends in ambulatory care including demand for interoperability, mobility, consumerism and data liquidity.

During fiscal year ended June 30, 2011, our total revenue was $89.8 million and operating income was $3.8 million compared to $64.6 million and $3.1 million for the year ended June 30, 2010 and $48.7 million and $1.1 million for the year ended June 30, 2009, respectively. During the three months ended September 30, 2011 our total revenue was $25.6 million and operating income (loss) was ($0.6) million compared to $16.5 million and $(1.9) million for the three months ended September 30, 2010.

Industry Overview

Ambulatory providers in the United States are expected to face increasing patient visits and financial and operating challenges. Factors driving these trends include (i) payer initiatives to shift patients away from acute care into ambulatory settings; (ii) increasing access to health insurance coverage; (iii) downward pressure on reimbursement rates; (iv) intensifying regulatory requirements; and (v) increasing complexity of the reimbursement process. In an effort to align provider incentives with improved quality of care and cost efficiencies, payers are introducing new payment methodologies that tie reimbursement to providers ability to coordinate care and improve patient outcomes. We believe technology solutions are a critical component of ambulatory providers ability to respond and succeed in this environment.

Ambulatory providers have traditionally used PM systems to manage their financial and administrative functions, but clinical workflows are still largely managed on paper charts. Use of paper records can restrict the throughput of the provider and prevent the efficient collection and sharing of critical information. This can cause clinical errors such as adverse drug interactions and result in failure to charge accurately for services rendered and lead to a greater rate of denied claims. Despite the advantages of EHR solutions, their adoption rates by ambulatory providers have been substantially lower than those of PM solutions. Adoption of these technologies has been low for several reasons including the cost of acquiring, implementing and supporting the technology as well as the fear of disrupting clinical and administrative workflows.

We believe several factors are encouraging adoption of EHR/PM solutions and related technologies and services by ambulatory providers and will serve to drive the growth of our business.

Compelling Return on Investment. We believe providers are becoming increasingly aware of and comfortable with the potential benefits of using integrated EHR/PM solutions, including helping them practice more advanced medicine and deliver higher quality care, while simultaneously improving revenue generation, reducing cost and increasing efficiency. Providers are recognizing the potential of integrated EHR/PM solutions to significantly improve their operations and profitability.

Government Initiatives and Incentives. Over the last several years, the government has enacted initiatives to drive the adoption of certified EHR solutions. Most importantly, the recently enacted Health Information Technology for Economic and Clinical Health Act (HITECH Act) provides more than $19 billion of provider incentives through Medicare and Medicaid programs to encourage the adoption of certified EHR solutions. An eligible professional that qualifies for incentives can receive up to an aggregate of $44,000 from Medicare or $63,750 from Medicaid. Additional initiatives include certification programs, such as the Certification Commission for Health Information Technology (CCHIT), and the $650 million in grants allocated to create Regional Extension Centers (RECs), both of which encourage and support ambulatory providers in the implementation of certified EHR solutions.

Table of Contents

Trends in the Evolving Ambulatory Market. Three major trends impacting ambulatory providers are greater electronification of health data, growing consumerism and initiatives aimed at improving population health. Ambulatory providers now understand that the adoption of integrated EHR/PM and related technology solutions can help them succeed in this evolving and complex market by taking advantage of these key trends.

We believe many existing EHR and PM technology vendors do not adequately meet the needs of the ambulatory healthcare market. EHR systems are often difficult to use and disruptive to provider workflows. Additionally, many EHR/PM systems are not integrated, which creates inefficiencies between the delivery and documentation of patient care and the administrative and financial processes of the provider. Lack of interoperability with IT systems in other care settings prevents the exchange of clinical, financial and administrative data with the rest of the healthcare community. Finally, many vendors have multiple versions of their software installed across their customer bases, which reduces their ability to provide effective service and support to ambulatory providers. Due in part to these dynamics, 35% of providers recently surveyed by KLAS who have adopted EHR solutions indicated that they are considering replacing their existing EHR systems.

Our Solutions

The foundation of our offering is an integrated suite of technology solutions designed for the unique needs and workflows of ambulatory providers with usability at the point of care as the foremost priority. At the core of our suite of solutions and services is PrimeSUITE, our award-winning, fully-integrated EHR, PM and interoperability solution. We believe our design and built-in clinical decision support capabilities help providers improve patient safety, quality of care and efficiency. PrimeSUITE has over 3,200 clinical templates, designed for the needs of over 30 specialties and subspecialties, that offer data capture layouts that are intuitive to providers and make it easier to enter patient health information at the point of care. Our EHR and PM solutions were designed to be fully-integrated and house clinical, financial, and administrative data within a single database. This allows the EHR and PM systems to operate seamlessly and creates efficiencies between the process of delivering and documenting care and the process of billing and collecting for services.

Since the initial release of PrimeSUITE, we have introduced additional solutions to enhance data liquidity, mobility and productivity of providers. PrimeEXCHANGE facilitates data liquidity by enabling interoperability of clinical and financial data between providers and the broader healthcare community. PrimePATIENT is our provider portal that allows patients to schedule appointments, complete administrative forms, exchange their personal health record information with providers and pay their healthcare bills online. PrimePATIENT also enables e-visits, which are web-enabled consultations between patients and physicians that can supplement or replace traditional in-person office visits, save time for patients and increase revenue for physicians. PrimeMOBILE allows providers to access PrimeSUITE from their mobile devices when working remotely. Finally, our new PrimeSPEECH solution is a sophisticated speech understanding software that simplifies data entry into PrimeSUITE, which reduces workflow disruption and saves time and money providers currently spend on transcription services.

We have also developed several managed business service offerings that leverage our technology solutions and the integrated PrimeSUITE database. These include PrimeRCM, our clinically-driven revenue cycle management services, and PrimeRESEARCH, our EHR-enabled research service that allows providers to participate in clinical research and contribute to population health initiatives.

We believe these innovative solutions and services enable us to act as long-term partners in the success of our customers by providing them the following key benefits:

Enable the Delivery of Higher-Quality Care and More Advanced Medicine. Our provider customers can deliver higher-quality care and practice more advanced medicine due to PrimeSUITE s clinical decision- support capabilities, clinical alerts and reminders, electronic order entry and tracking and active device controls that integrate data from peripheral medical devices directly into the patient s record. Clinical encounter data captured in PrimeSUITE over time creates a comprehensive electronic healthcare record that enables providers to more effectively identify and proactively address emerging trends in a patient s health.

Table of Contents

Deliver Improved Financial Performance. Our solutions enhance provider economics by increasing revenue, improving receivables collection, and reducing administrative costs. Automated reporting of key metrics supports the generation of additional revenue by helping the provider track progress towards qualification for available incentive payments, such as those based on improvement in quality measures or for demonstrating use of e-prescribing and certified EHR technology. Reduced administrative costs are realized through reduction or elimination of transcription, paper chart, administrative staff and other costs. Based on management s review of a series of case studies conducted on our behalf and funded by us, we believe that customers can significantly increase cash flow following implementation of PrimeSUITE.

Enhance the Workflow of the Provider. PrimeSUITE has been developed to accommodate and support the unique clinical workflows of providers in over 30 specialties and subspecialties and the financial and administrative workflows of their staff. PrimeSUITE and our suite of solutions adapt to a provider s workflow, which encourages quick adoption and overcomes their aversion to switch to electronic systems from traditional paper-based records. Clinical information captured during the patient encounter automatically generates recommended evaluation and management (E&M) codes for billing purposes. The integration of clinical, financial and administrative information and its availability to all providers and staff before, during and after patient visits can help providers improve their efficiency.

Position Providers for the Future of Healthcare. We believe the future of healthcare will require providers to deliver high-quality care in the most collaborative and cost-effective way possible, while dealing with increasing consumerism among patients and the desire to participate in the improvement of population health. Our integrated and interoperable solutions can help providers collaborate with the broader healthcare community, improve patient experience and satisfaction and increase their participation in clinical trials and population health initiatives.

Our Strengths

We believe we have the following key competitive strengths:

Proven, Long-Term Vision. We have succeeded in developing innovative solutions and services to help providers respond to the key trends in the ambulatory market, which we identified early in our history as electronification, consumerism and improving population health. We continuously monitor themes that will shape the future for providers and develop innovative solutions and services to help them succeed as the market evolves.

Integrated Technology Model. Our technology architecture, based on Microsoft .NET, has proven to be mission-critical, secure and reliable for over 33,000 providers. All of our solutions and services are based on a single, integrated database that contains clinical, financial and administrative data and supports exceptional interoperability, data analytics and reporting. Our model enables rapid innovation, centralized support and deployment of updates, scalability to serve small and large customers and the ability to provide a cloud-based or premise-based model. This integrated, scalable and flexible technology architecture provides a range of benefits to our customers and forms a strong foundation for our business model.

Superior Customer Service and Support. We believe that successful adoption of our solutions requires partnering with our customers to empower them to utilize our technology to its maximum capability. Our high-quality customer service has contributed to our approximately

95% customer retention rate in a market where it is estimated that 35% of providers who have adopted EHR technology are considering replacing it.

Trusted Brand. We have a trusted and recognized brand with our customers and within our industry. Our PrimeSUITE solution has received 11 Best in KLAS awards since 2004. CCHIT has certified PrimeSUITE as a Complete EHR for 2011/2012 and granted it the highest usability rating of Five Stars. These accolades, combined with our continued involvement in industry initiatives, focus on innovation and high levels of customer service and support, drive increased brand recognition among customers and in our industry.

Table of Contents

Attractive Business Model. Our broad range of solutions and services and our high customer retention rate provide us with a powerful business model. This model has driven our growth rate over the past five years, and a growing percentage of recurring revenue that, combined with our backlog of new business sold, provides high revenue visibility. Our integrated EHR/PM solution provides operating leverage by allowing us to focus our research and development solely on innovation as opposed to integration of legacy technologies. Furthermore, our cost structure is also more efficient due to the ease of supporting and upgrading our technology platform. These factors help us drive predictable revenue growth and generate greater operating profit.

Experienced Management Team. Our management team has significant experience in our industry and a majority of our executives have worked together for more than 10 years. Our team s vision of the market, which was developed in the late 1990 s and is now coming to fruition, has driven the design of our innovative suite of solutions and business services and our differentiated technology model. Our operational teams are organized around key growth areas and we have instilled a culture of innovation and customer service throughout the company.

Our Strategy

Our objective is to be the most trusted and effective provider of technology solutions and managed business services for ambulatory providers. Our principal strategies to meet our objective are:

Increase our Share of the Expanding Market for Ambulatory Technology Solutions. We plan to capitalize on the large and growing ambulatory technology market opportunity by leveraging our targeted and multi-pronged sales strategy. We intend to grow our business by attracting new customers and displacing existing and incumbent competitive products.

Generate Greater Revenue per Customer by Expanding Their Use of Our Suite of Solutions and Services. We will continue to cross-sell our integrated product and service offerings to customers already using PrimeSUITE. As our customers use more of our solutions and services, we become even more critical to their operating infrastructure, further solidifying our partnership with them and generating increased revenue per customer.

Develop Innovative Solutions for the Evolving Needs of Ambulatory Provider Market. We continuously monitor and work with our customers to understand the evolving technology needs of the ambulatory provider market. The insights we gather help drive our development of new and innovative solutions and services, including our recently introduced PrimeRESEARCH service and PrimeDATACLOUD solution, a collaborative care portal, that securely and cost effectively empowers population health through the sharing and aggregation of data across providers. We will continue to work closely with customers to develop solutions that position them to succeed as the ambulatory care market evolves.

Expand Margins by Leveraging our Operating Platform. We expect operating margins to increase as we continue to grow revenue by substantially leveraging our existing infrastructure and operations. We have made, and will continue to make, investments in our technology infrastructure and processes, which we believe will allow us to profitably grow our business as we add new customers and solutions.

Pursue Targeted Acquisitions. We intend to pursue acquisitions on a targeted basis, seeking out complementary and innovative technologies and services that augment and differentiate our current solutions.

Risks Associated with Our Business

Our business is subject to a number of risks which you should be aware of before making an investment decision. Those risks are discussed more fully in Risk Factors beginning on page 11. For example:

- If we are unable to successfully introduce new technology solutions or services or fail to keep pace with advances in technology, our business, financial condition and results of operations will be adversely affected.

- If we fail to implement our growth strategy or manage future growth effectively, our business would be harmed, and our recent growth rates may not be indicative of our future growth rates.
- If we lose members of our management team or other qualified personnel or if we are unable to attract, hire, integrate and retain other necessary employees, our business would be harmed.
- Disruptions in service or damage to our third-party providers data centers could adversely affect our business.
- We operate in a highly competitive industry, and our competitors may be able to compete more efficiently or evolve more rapidly than we do, which could have a material adverse effect on our business, revenue, growth rates and market share.
- Government programs in the United States initiated to accelerate the adoption and utilization of health information technology and to counter the effects of the current economic situation, may not be effective in changing the behavior of providers or may not be fully implemented or fully funded by the government.
- We must ensure our EHR systems are certified pursuant to HITECH Act standards, and failure to continue to provide solutions that are certified could put us at a competitive disadvantage.
- Our technology solutions are required to meet the standards for interoperability, which could require us to incur substantial additional development costs.

Corporate Information

Simultaneously in connection with the closing of this offering, we will become a Delaware corporation (the Reincorporation) by way of a merger with and into a newly-formed wholly-owned Delaware subsidiary, with the Delaware subsidiary remaining as the surviving corporation with the name Greenway Medical Technologies, Inc. following the merger. We were originally incorporated in Georgia in September 1998. See Business Corporate Information.

Our executive offices are located at 121 Greenway Boulevard, Carrollton, Georgia 30117 and our telephone number at this location is (770) 836-3100. Our website is *www.greenwaymedical.*com. Information included or referred to on, or otherwise accessible through, our website is not intended to form a part of or be incorporated by reference into this prospectus.

Table of Contents

THE OFFERING

Common stock offered by us	Shares
Common stock offered by the selling stockholders	Shares
Common stock to be outstanding after this offering	Shares
Over-allotment option	Shares
Directed Share Program	The underwriters have reserved for sale primarily to our officers, directors, employees and customers, and family members of the foregoing up to % of the shares of the common stock offered by this prospectus at the initial public offering price. We will offer these shares to the extent permitted under applicable regulations in the United States and in various countries. The number of shares available for sale to the general public in this offering will be reduced to the extent these persons purchase reserved shares. Any reserved shares not purchased will be offered by the underwriters to the general public on the same terms as the other shares. See the section entitled Underwriting Directed Share Program.
Use of proceeds	We intend to use (a) approximately $ of the net proceeds of this offering to make a cash payment to holders of our outstanding preferred stock (excluding those holders who elect in connection with the conversion to receive such payment in the form of common stock) concurrently with the conversion of such shares into shares of common stock upon the closing of this offering, (b) approximately $12 million to finance the construction of new facilities to accomodate the growth of our business, and (c) the balance for working capital and general corporate purposes, which may include financing our growth, developing new products and services, and funding capital expenditures, acquisitions and investments. The Company currently does not have any pending material acquisitions. We will not receive any proceeds from the sale of shares by the selling stockholders. See the section entitled Use of Proceeds.
Proposed NYSE trading symbol	GWAY

The number of shares of our common stock to be outstanding immediately after this offering is based on the number of shares outstanding as of September 30, 2011, after giving effect to the Reincorporation, the conversion of our preferred stock to common stock and the election of holders of our preferred stock in connection with the conversion to receive shares of common stock in lieu of a cash payment, and excludes:

- shares of common stock issuable upon the exercise of warrants outstanding as of September 30 , 2011 at a weighted average exercise price of $ per share;
- shares of common stock issuable upon the exercise of stock options outstanding as of September 30 , 2011 at a weighted average exercise price of $ per share; and
- shares of common stock available for future issuance under our equity compensation plans as of September 30 , 2011.

Unless otherwise noted, the information contained in this prospectus reflects and assumes the following:

- an offering price of $ per share of common stock, which is the mid-point of the range set forth on the cover of this prospectus;
- the Reincorporation to a Delaware corporation;
- no exercise by the underwriters of their over-allotment option;

the conversion of all outstanding shares of our preferred stock into shares of common stock which will happen in connection with the completion of this offering; and

our issuance of shares of common stock in this offering.

Table of Contents

SUMMARY FINANCIAL DATA

The following tables set forth, for the periods and at the dates indicated, our summary financial data. We derived the statement of operations data for the years ended June 30, 2009, 2010 and 2011 and the balance sheet data as of June 30, 2010 and 2011 from our audited financial statements, which are included in this prospectus.

The summary statement of operations data for the three months ended September 30, 2010 and 2011 and the summary balance sheet data as of September 30, 2011 are derived from our unaudited financial statements included elsewhere in this prospectus. Our unaudited financial statements have been prepared on the same basis as the audited financial statements and notes thereto and, in the opinion of our management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the information for the unaudited interim periods. Our historical results for prior interim periods are not necessarily indicative of results to be expected for a full year or for any future period.

The pro forma as adjusted balance sheet data as of September 30, 2011 give effect to (1) the automatic conversion of all outstanding shares of convertible preferred stock into 8,842,104 shares of common stock upon the closing of this offering and (2) in connection with the conversion, the mandatory cash payment of $ payable to the holders of outstanding preferred stock upon the completion of this offering and the election of certain preferred stockholders to receive shares of common stock in lieu of such cash payment, and (3) our issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range shown on the cover of this prospectus, after deducting the estimated underwriting discounts, commissions and offering expenses payable by us and the application of the net proceeds therefrom as described in Use of Proceeds.

You should read the following information together with the more detailed information contained in Selected Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and the accompanying notes appearing elsewhere in this prospectus.

	For the years ended June 30,			Three months ended September 30,	
	2009	2010	2011	2010	2011
	(in thousands, except per share data)			(Unaudited)	
Statements of operations data					
Revenue:					
Systems sales	$ 20,650	$ 24,172	$ 31,726	$ 4,459	$ 6,648
Training and consulting services	7,925	11,863	18,373	3,417	6,603
Support services	11,421	16,031	22,401	4,848	7,056
Electronic data interchange and business services	8,716	12,576	17,339	3,783	5,343
Total revenue	48,712	64,642	89,839	16,507	25,650
Cost of revenue:					
Systems sales [1]	6,500	6,752	7,522	1,222	1,847
Training and consulting services[1]	5,708	8,152	13,550	2,910	4,431

	For the years ended June 30,			Three months ended September 30,	
Support services[1]	3,279	4,179	7,059	1,249	2,257
Electronic data interchange and business services[1]	5,954	8,713	12,280	2,580	3,821
Total cost of revenue	21,441	27,796	40,411	7,961	12,356
Gross profit	27,271	36,846	49,428	8,546	13,294
Operating expenses:					
Sales, general and administrative[1]	20,370	27,727	37,399	8,597	10,678
Research and development[1]	5,767	5,991	8,218	1,824	3,165
Total operating expenses	26,137	33,718	45,617	10,421	13,843
Operating income (loss)	1,134	3,128	3,811	(1,875)	(549)
Interest and other expense, net	153	115	46	0	(47)
Income (loss) before income taxes	981	3,013	3,765	(1,875)	(596)
Provision (benefit) for income taxes	26	148	(29,200)	6	(190)
Net income (loss)	955	2,865	32,965	(1,881)	(406)
Preferred stock dividends and accretion	(9,014)	(8,038)	(54,961)	(13,232)	(9,376)
Loss available to common stockholders	$ (8,059)	$ (5,173)	$(21,996)	$ (15,113)	$ (9,782)

Table of Contents

	For the years ended June 30,			Three months ended September 30,	
	2009	2010	2011	2010	2011
	(in thousands, except per share data)			(Unaudited)	
Per share data:					
Net loss per share:					
Basic and diluted	$ (0.81)	$ (0.48)	$ (1.90)	$ (1.32)	$ (0.84)
Weighted average number of common shares outstanding:					
Basic and diluted	9,947	10,684	11,579	11,489	11,686

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(1) Includes stock-based compensation in the following amounts:

Cost of revenue:					
System sales	$	$ 8	$ 7	$ 1	$ 8
Training and consulting services	57	64	74	23	92
Support services	14	23	37	7	79
Electronic data interchange and business services	1	1	9		
Total cost of revenue	$ 72	$ 96	$ 127	$ 31	$ 179
Operating expenses:					
Sales, general and administrative	$ 482	$ 463	$ 1,118	$ 208	$ 214
Research and development	11	63	154	39	664

	For the years ended June 30,			Three months ended September 30,	
Total operating expenses	493	526	1,272	247	878
Total stock-compensation expense	$ 565	$ 622	$ 1,399	$ 278	$ 1,057

	As of June 30,				
	2009	2010	2011	As of September 30, 2011	Pro forma as adjusted
	(in thousands)			(Unaudited)	
Balance sheet data:					
Cash, cash equivalents, and short-term investments	$ 9,711	$ 19,179	$ 16,168	$ 13,291	
Working capital	9,861	16,966	14,447	11,920	
Total assets	22,210	38,604	82,156	83,172	
Deferred revenue	3,717	4,320	8,672	9,041	
Long-term obligations	1,904		349	311	
Convertible preferred stock at fair value	95,818	103,855	158,816	168,193	
Accumulated deficit	(142,850)	(148,024)	(170,020)	(179,802)	
Total stockholders deficit	(84,539)	(79,996)	(99,484)	(108,054)	

	For the years ended June 30,			Three months ended Se ptember, 30	
	2009	2010	2011	2010	2011
	(Unaudited) (in thousands)			(Unaudited)	
Adjusted EBITDA[1]	$2,029	$4,144	$6,385	$ (1,458)	$ 930
Net cash provided by operating activities	2,070	6,628	6,243	(376)	811
Capital expenditures	325	2,784	4,129	779	769

(1) Adjusted EBITDA is an unaudited number and represents income (loss) before interest, income taxes, depreciation and amortization and stock-based compensation.

Adjusted EBITDA is not a measure of liquidity calculated in accordance with U.S. generally accepted accounting principles, or GAAP, and should be viewed as a supplement to not a substitute for our results of operations presented on the basis of GAAP. Adjusted EBITDA does not purport to represent cash flow provided by, or used in, operating activities as defined by GAAP. Our statement of cash flows presents our cash flow activity in accordance with GAAP. Furthermore, Adjusted EBITDA is not necessarily comparable to similarly-titled measures reported by other companies.

Table of Contents

We believe Adjusted EBITDA is used by and is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. We believe that:

EBITDA is widely used by investors to measure a company s operating performance without regard to such items as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired; and

investors commonly adjust EBITDA information to eliminate the effect of stock-based compensation expenses and other charges, which can vary widely from company to company and impair comparability.

Our management uses Adjusted EBITDA:

as a measure of operating performance to assist in comparing performance from period to period on a consistent basis;

as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations;

in communications with the Board of Directors, stockholders, analysts and investors concerning our financial performance; and

historically, as a significant performance measurement included in our bonus plan.

The table below sets forth a reconciliation of net income to Adjusted EBITDA:

	For the years ended June 30,			Three months ended September 30,	
	2009	2010	2011	2010	2011
	(Unaudited) (in thousands)			(Unaudited)	
Reconciliation of net income (loss) to Adjusted EBITDA:					
Net income (loss)	$ 955	$2,865	$ 32,965	$ (1,881)	$ (406)
Stock-based compensation	565	622	1,399	278	1,057
Depreciation and amortization	406	432	1,252	159	460
Interest (income) expense, net	77	77	(31)	(20)	9
Provision (benefit) for income taxes	26	148	(29,200)	6	(190)
Adjusted EBITDA	$2,029	$4,144	$ 6,385	$ (1,458)	$ 930

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our financial statements and related notes, before deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment. Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including our financial statements and related notes, before

deciding whether to purchase shares of our common stock. If any of the following risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business

If we are unable to successfully introduce new technology solutions or services or fail to keep pace with advances in technology, our business, financial condition and results of operations will be adversely affected.

Our business depends on our ability to adapt to evolving technologies and industry standards and introduce new technology solutions and services accordingly. If we cannot adapt to changing technologies, our technology solutions and services may become obsolete, and our business would suffer. Because the healthcare information technology market is constantly evolving, our existing technology may become obsolete and fail to meet the requirements of current and potential customers. Our success will depend, in part, on our ability to continue to enhance our existing technology solutions and services, develop new technology that addresses the increasingly sophisticated and varied needs of our customers, license leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of our proprietary technology entails significant technical and business risks. We may not be successful in developing, using, marketing, selling, or maintaining new technologies effectively or adapting our proprietary technology to evolving customer requirements or emerging industry standards, and, as a result, our business and reputation could suffer. We may not be able to introduce new technology solutions on schedule, or at all, or such solutions may not achieve market acceptance. Moreover, competitors may develop competitive products that could adversely affect our results of operations. A failure by us to introduce new products or to introduce these products on schedule could have an adverse effect on our business, financial condition and results of operations.

If we fail to implement our growth strategy or manage future growth effectively, our business would be harmed, and our recent growth rates may not be indicative of our future growth rates.

Our future success depends upon our ability to grow, and if we are unable to implement our growth strategy or manage our growth effectively, we may incur unexpected expenses and be unable to meet our customers requirements, all of which would negatively impact our ability to generate revenue as well as results of operations and financial condition.

To manage future growth, we will need to hire, train and retain highly skilled and motivated employees. We will also need to continue to improve our internal controls, reporting systems and procedures. If we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality service offerings.

Our systems, procedures, controls and existing space may not be adequate to support expansion of our operations. Our future operating results will depend on the ability of our management to manage a business that operates in a constantly changing industry and regulatory environment with increasing government involvement. Our future results will also depend on the ability of our management team to implement and improve our technical, administrative, financial control and reporting systems. We may not be able to expand and upgrade our systems and infrastructure to accommodate future growth. Inability to effectively manage future growth would have a significant negative impact on our business, financial condition, and results of operations and profitability because we may incur unexpected expenses and be unable to meet our customers needs, expectations and requirements.

Table of Contents

If we lose members of our management team or other employees or if we are unable to attract, hire, integrate and retain other necessary employees, our business would be harmed.

The future of our business is highly dependent on our ability to innovate. Further, our future success depends in part on our ability to attract, hire, integrate and retain the members of our management team and other qualified personnel, such as members of our innovation team. Our future success also depends on the continued contributions of our executive officers, each of whom may be difficult to replace. The loss of any of our executive officers or the inability to continue to attract qualified personnel could have a material adverse effect on our business. We do not have employment agreements with any of our executive officers. The replacement of any of these executives would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives. Competition for the caliber and number of employees we require is intense. We may face difficulty identifying and hiring qualified personnel at compensation levels consistent with our existing compensation and salary structure. In addition, we invest significant time and expense in training each of our employees, which

increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring, integrating and training their replacements and the quality of our services and our ability to serve our customers could diminish, resulting in a material adverse effect on our business.

We may not be able to maintain or increase our profitability.

We may not succeed in maintaining or increasing our profitability on an annual basis and could incur quarterly or annual losses in future periods. We expect to incur additional operating expenses associated with our new status as a public company and we intend to continue to increase our operating expenses as we grow our business. We also expect to continue to make investments in our proprietary technology solutions, sales and marketing, infrastructure, facilities and other resources as we seek to grow, thereby incurring additional costs. If our revenue does not increase to offset these increases in costs, our operating results would be negatively affected. You should not consider our historic revenue growth rates as indicative of future growth rates.

Disruptions in service or damage to our third-party providers data centers could adversely affect our business.

We rely on third-parties who provide access to data centers. Our information technologies and systems are vulnerable to damage or interruption from various causes, including (i) acts of God and other natural disasters, war and acts of terrorism and (ii) power losses, computer systems failures, Internet and telecommunications or data network failures, operator error, losses of and corruption of data and similar events. We conduct business continuity planning and work with our third-party providers to protect against fires, floods, other natural disasters and general business interruptions to mitigate the adverse effects of a disruption, relocation or change in operating environment at the data centers we utilize. The situations we plan for and the amount of insurance coverage we maintain may not be adequate in any particular case. In addition, the occurrence of any of these events could result in interruptions, delays or cessations in service to our customers. Any of these events could impair or prohibit our ability to provide our services, reduce the attractiveness of our services to current or potential customers and adversely impact our financial condition and results of operations.

In addition, despite the implementation of security measures, our infrastructure, data centers, or systems that we interface with, including the Internet and related systems, may be vulnerable to physical break-ins, hackers, improper employee or contractor access, computer viruses, programming errors, denial-of-service attacks or other attacks by third-parties seeking to disrupt operations or misappropriate information or similar physical or electronic breaches of security. Any of these can cause system failure, including network, software or hardware failure, which can result in service disruptions. As a result, we may be required to expend significant capital and other resources to protect against security breaches and hackers or to alleviate problems caused by such breaches.

We may be liable for use of content we provide.

We provide content for use by healthcare providers in treating patients. This content includes coding and drug databases developed by third-parties and prepopulated templates providers can use to document visits and record patient health information. If this content in the third-party databases is incorrect or incomplete, adverse consequences, including death, may occur and give rise to product liability and other claims against us. A court

Table of Contents

or government agency may take the position that our delivery of health information directly, including through licensed practitioners, or delivery of information by a third-party site that a consumer accesses through our websites, exposes us to personal injury liability, or other liability for wrongful delivery or handling of healthcare services or erroneous health information. While we maintain product liability insurance coverage in an amount that we believe is sufficient for our business, this coverage may not be adequate or continue to be available on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. Even unsuccessful claims could result in substantial costs and diversion of management resources.

We operate in a highly competitive industry, and our competitors may be able to compete more efficiently or evolve more rapidly than we do, which could have a material adverse effect on our business, revenue, growth rates and market share.

The market for EHR, PM and other healthcare information technologies is highly competitive and we expect competition to increase in the future. We face competition from existing and new entrants. We believe our most significant competitors in EHR and PM are Allscripts, athenahealth, Cerner, eClinicalWorks, Epic, GE, Quality Systems, and Sage. Our competitors may be able to respond more quickly and

effectively than we can to new or changing opportunities, technologies, standards, regulations or customer needs and requirements. Some of these competitors have longer operating histories, greater brand recognition and greater financial, marketing and other resources than us. Moreover, we expect that competition will continue to increase as a result of incentives provided by the HITECH Act, which was enacted in 2009 as part of the American Recovery Reinvestment Act (ARRA) and consolidation in both the information technology and healthcare industries. Further, if one or more of our competitors or potential competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. We may not be able to compete successfully with these companies, and these or other competitors may introduce technologies or services that render our technologies or services obsolete or less marketable. Even if our technology solutions and services are more effective than the offerings of our competitors, current or potential customers might prefer competitive technologies or services to our technology solutions and services. Increased competition could also result in pricing pressures, which would negatively impact our margins, growth rate or market share.

If providers do not purchase our technology solutions and services or delay in choosing our solutions or services, our business, financial condition and results of operations will be adversely affected.

Our business model depends on our ability to sell our technology solutions and services. Acceptance of our technology solutions and services may require providers to adopt different behavior patterns and new methods of conducting business and exchanging information. Providers may not integrate our technology solutions and services into their workflow and may not accept our solutions and services as a replacement for traditional methods of practicing medicine. Achieving market acceptance for our solutions and services will continue to require substantial sales and marketing efforts and the expenditure of significant financial and other resources to create awareness and demand by providers. If providers fail to broadly accept of our technology solutions and services, or if we fail to position our technology solutions and services as a preferred method for information management and healthcare delivery, our business, financial condition and results of operations will be adversely affected.

Government programs in the United States initiated to accelerate the adoption and utilization of health information technology and to counter the effects of the current economic situation, may not be effective in changing the behavior of providers or may not be fully implemented or fully funded by the government.

While government programs have been initiated to improve the efficiency and quality of the healthcare sector and also counter the effects of the current economic situation, including expenditures to stimulate business and accelerate the adoption and utilization of health care technology, these programs may not be fully implemented or fully funded and there is no guarantee that our customers will receive any of these funds. For example, the passage of the HITECH Act authorizes more than $19 billion in expenditures, to incentivize adoption of electronic health records. Although we believe that our technology solutions and services will meet the requirements of the HITECH Act, qualifying our customers for financial incentives, these financial incentives, may not apply to our technology

Table of Contents

solutions or services. Also, providers may be slow to adopt EHR systems in response to these government programs, may not select our technology solutions and services, or may decide not implement an EHR system at all. Any delay in the purchase of our EHR technology solutions and services in response to government programs, or the failure of providers to purchase an EHR system, could have an adverse effect on our business, growth rate, financial condition and results of operations. It is also possible that in light of the budget deficit and the increasing pressure to reduce federal government expenditures or for other economic or political reasons, Congress may repeal or not fund the HITECH Act as originally planned or otherwise amend it in a manner that have an adverse effect on our business.

We must ensure our EHR systems are certified pursuant to the HITECH Act standards, and failure to continue to provide solutions that are certified could put us at a competitive disadvantage.

The HITECH Act provides financial incentives for healthcare providers that demonstrate meaningful use of EHR and mandates use of health information technology systems that are certified according to technical standards developed under the supervision of the U.S. Department of Health and Human Services (HHS). The HITECH Act also imposes certain requirements upon governmental agencies to use, and requires health care providers, health plans, and insurers contracting with such agencies to use, systems that are certified according to such standards. Such standards and implementation specifications that are being developed under the HITECH Act includes named standards, architectures, and software schemes for the authentication and security of individually identifiable health information and the creation of common solutions across disparate entities.

The HITECH Act s certification requirements affect our business because we have invested and continue to invest in conforming our technology solutions to these standards. HHS has contracted with CCHIT to develop certification programs for electronic health records and health information exchanges. PrimeSUITE 2011 has been certified as a complete EHR by CCHIT, which indicates that our EHR solutions meet the 2011/2012 criteria to support Stage 1 meaningful use as required by HHS to assist providers in their efforts to meet the goals and objectives of meaningful use, making such providers and hospitals eligible for funding under the HITECH Act if our EHR is used appropriately. However, Stage 1 only refers to the first set of meaningful use objectives that must be met to be eligible for incentive payments. Stage 2 and Stage 3 requirements have yet to be defined. As the standards are developed, we may need to use additional resources to meet the newly defined requirements, which could lead to delays necessary to modify our technology solutions. We must ensure that our technology solutions are or will be certified according to applicable HITECH Act technical standards so that our customers have an opportunity to qualify for meaningful use incentive payments. Failure to comply could jeopardize our relationships with customers who are relying upon us to provide certified software. Lastly, if for some reason we are not able to comply with these applicable HITECH Act standards within the required timeframe, our products and services could be less attractive to customers than the offerings of other EHR vendors who have complied.

Our technology solutions are required to meet the standards for interoperability, which could require us to incur substantial additional development costs.

Our customers and the industry leaders enacting regulatory requirements are concerned with and often require that our technology solutions and healthcare devices be interoperable with other third-party healthcare information technology suppliers. Market forces or regulatory authorities could create software interoperability standards that would apply to our solutions, and if our technology solutions are not consistent with those standards, we could be forced to incur substantial additional development costs. CCHIT has developed a comprehensive set of criteria for the functionality, interoperability and security of various software modules in the healthcare information technology industry. CCHIT, however, continues to modify and refine those standards. Achieving and maintaining CCHIT certification is a competitive imperative that could result in larger than expected software development expenses and administrative expenses in order to conform to these requirements. These standards and specifications, once finalized, will be subject to interpretation by the entities designated to certify such technology. We will incur increased development costs in delivering solutions if we need to change or enhance our technology solutions to be in compliance with these varying and evolving standards, and delays may result in connection therewith. If our technology solutions are not consistent with these evolving standards, our market position and sales could be impaired and we may have to invest significantly in changes to our technology solutions. In addition, HHS may

Table of Contents

require other additional certifications from additional certifying bodies. If we are required to obtain certification from additional bodies, it would be costly and outcomes are unknown.

If our security measures are breached or fail and unauthorized access is obtained to a customer s data, our service may be perceived as insecure, the attractiveness of our services to current or potential customers may be reduced, and we may incur significant liabilities.

Our services involve the storage and transmission of customers proprietary information and patient information, including health, financial, payment and other personal or confidential information. We rely on proprietary and commercially available systems, software, tools and monitoring, as well as other processes, to provide security for processing, transmission and storage of such information. Because of the sensitivity of this information and due to requirements under applicable laws and regulations, the effectiveness of such security efforts is very important. If our security measures are breached or fail as a result of third-party action, employee error, malfeasance or otherwise, someone may be able to obtain unauthorized access to customer or patient data. Improper activities by third-parties, advances in computer and software capabilities and encryption technology, new tools and discoveries and other events or developments may facilitate or result in a compromise or breach of our computer systems. Techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until launched against a target, and we may be unable to anticipate these techniques or fail to implement adequate preventive measures. Our security measures may not be effective in preventing such unauthorized access. If a breach of our security occurs, we could face damages for contract breach, penalties for violation of applicable laws or regulations, possible lawsuits by individuals affected by the breach and significant remediation costs and efforts to prevent future occurrences. In addition, whether there is an actual or a perceived breach of our security, the market perception of the effectiveness of our security measures could be harmed and we could lose current or potential customers.

Our growth depends, in part, on establishing and maintaining strategic relationships.

We must continue to maintain our existing strategic relationships, such as we have with Walgreens and McGraw Hill. We also need to establish additional strategic relationships with leaders in a number of healthcare and health information technology industry segments. We believe that these relationships contribute towards our ability to increase exposure to our technology solutions to a larger number of healthcare providers and further enhance the Greenway brand. These relationships also assist us in developing and deploying new technology solutions and services, and generate sources of additional revenue and cash flows.

We must carefully manage these relationships as strategic partners may decide to compete with us in some or all of our markets. In addition, we may not be able to maintain or establish relationships with potential partners if we conduct business with their competitors. We depend, in part, on our strategic partners ability to generate increased acceptance and use of our technology and services. Many of these strategic relationships, such as Walgreens and McGraw Hill, are new and have yet to be fully developed. We may not fully realize the expected benefits of such relationships. Further, if we lose any of these strategic relationships or fail to establish additional relationships, or if our strategic relationships fail to benefit us as expected, we may not be able to execute our business plan, and our business, financial condition and results of operations may suffer.

We offer our services in many states and, therefore, may be subject to state and local taxes that could harm our business or that we may have inadvertently failed to pay.

We may lose sales or incur significant costs should various tax jurisdictions be successful in imposing taxes on a broader range of services. Imposition of such taxes on our services could result in substantial unplanned costs, would effectively increase the cost of such services to our customers and may adversely affect our ability to retain existing customers or to gain new customers in the areas in which such taxes are imposed.

Table of Contents

Future acquisitions may result in potentially dilutive issuances of equity securities, the incurrence of indebtedness and increased amortization expense.

Future acquisitions may result in dilutive issuances of equity securities, the incurrence of debt, the assumption of known and unknown liabilities, the write-off of software development costs and the amortization of expenses related to intangible assets, all of which could have an adverse effect on our business, financial condition and results of operations.

We may have difficulty integrating future acquisitions into our business.

We may from time to time acquire other companies or their businesses. As a result, we may be exposed to several risks relating to integrating these additional businesses, including those risks listed below, any of which may adversely affect our business or operating results:

- inability to integrate new operations, products, services and personnel;
- diversion of resources from our existing business;
- failure in client communication and branding awareness;
- inability to generate revenue from new products and services sufficient to offset associated acquisition costs;
- inability to maintain uniform standards, controls and policies;
- accounting issues that adversely affect our financial results;
- impairment of employee and customer relations as a result of any integration of new management personnel; and
- assumption of liabilities or other obligations associated with an acquired business.

We may be unable to adequately establish, protect or enforce our intellectual property.

Our success depends, in part, upon our ability to establish, protect and enforce our intellectual property and other proprietary rights. If we fail to establish, protect or enforce our intellectual property rights, we may lose an important advantage in the market in which we compete. We rely on a combination of patent, trademark, copyright and trade secret law and contractual obligations to protect our key intellectual property rights, all of which provide only limited protection. Our intellectual property rights may not be sufficient to help us maintain our position in the market and our competitive advantages. Although we have filed 17 U.S. patent applications, some or all of these patents may not be issued and therefore, may not provide us with the protection that we seek. We have been issued two U.S. patent s , however, any patents issued to us could be challenged, invalidated or circumvented. Legal standards relating to the validity, enforceability and scope of protection of intellectual property are uncertain. Any patents that may be issued in the future from pending or future patent applications or our two issued patent s may not provide sufficiently broad protection or may not prove to be enforceable in actions against alleged infringers. Also, any other intellectual property registrations may not be issued for pending or future applications and may not be enforceable or provide adequate protection of our proprietary rights.

We also rely on trade secrets to protect our proprietary technology. Trade secrets may not be protectable if not properly kept confidential. We strive to enter into non-disclosure agreements with our employees, customers, contractors and business partners to limit access to and disclosure of our proprietary information. The steps we have taken, however, may not be sufficient to prevent unauthorized use of our technology, and adequate remedies may not be available in the event of unauthorized use or disclosure of our trade secrets and proprietary technology. Moreover, others may reverse engineer or independently develop technologies that are competitive to ours or infringe our intellectual property.

Accordingly, despite our efforts, we may be unable to prevent third-parties from using our intellectual property or our technology for their competitive advantage. Any such use could have a material adverse effect on our business, results of operations and financial condition. Monitoring unauthorized uses of and enforcing our intellectual

property rights can be difficult and costly. Legal intellectual property actions are inherently uncertain and may not be successful, and may require a substantial amount of resources and divert our management s attention.

Claims by others that we infringe their intellectual property could force us to incur significant costs or revise the way we conduct our business.

Our competitors protect their proprietary rights by means of patents, trade secrets, copyrights , trademarks and other intellectual property. We have not conducted an independent review of patents and other intellectual property issued to third-parties. Because patent applications in the United States and many other jurisdictions are kept confidential for 18 months before they are published, we may be unaware of third parties patent applications, some which may relate to our proprietary technology. We may receive letters from third parties alleging, or inquiring about, possible infringement misappropriat ion or violation of their intellectual property rights. Any party asserting that we infringe , misappropriate or violate proprietary rights may force us to defend ourselves, and potentially our customers, against the alleged claim. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and/or invalidation of our proprietary rights or interruption or cessation of our operations. The risk of such claims and lawsuits will likely increase as we increase in size, the scope of our services and technology platforms increase, our geographic presence and market share expand and the number of competitors in our market increases. Any such claims or lawsuit could:

- be time-consuming and expensive to defend, whether meritorious or not;
- require us to stop providing products or services that use the technology that allegedly infringes the other party s intellectual property;
- divert the attention of our technical and managerial resources;
- require us to enter into royalty or licensing agreements with third-parties, which may not be available on terms that we deem acceptable;

prevent us from operating all or a portion of our business or force us to redesign our products, services or technology platforms, which could be difficult and expensive and may make the performance or value of our product or service offerings less attractive;

subject us to significant liability for damages or result in significant settlement payments; or

require us to indemnify our customers, as certain of our customer contracts require us to indemnify the customer for certain claims of infringement or alleged infringement of third-party s intellectual property rights resulting from customer s use of our intellectual property.

Furthermore, during the course of litigation, confidential information may be disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. Disclosure of our confidential information and our involvement in intellectual property litigation could materially adversely affect our business. Some of our competitors may be able to sustain the costs of intellectual property litigation more effectively than we can because they have substantially greater resources. In addition, any litigation could significantly harm our relationships with current and prospective customers. Any of the foregoing could disrupt our business and have a material adverse effect on our business, operating results and financial condition.

We may need additional capital to fund our operations and finance our growth, and we may not be able to secure such capital on terms acceptable to us, or at all.

In order for us to grow and successfully execute our business plan, we may require additional financing which may not be available or may not be available on acceptable terms. If such financing is available, it may dilute the existing stockholders ownership interests in the Company. Failure to obtain financing may have a material adverse effect on our financial position and may cause you to lose your entire investment in the Company. In addition, if we are unable to secure additional financing on acceptable terms or at all, it will impact our ability to conduct acquisitions.

Table of Contents

We depend upon third-party service providers for certain technologies. If these third-party providers fail to fulfill their contractual obligations to us, fail to maintain or support those technologies or choose not to sell them to us, our business and operations could be disrupted and our operating results would be harmed.

We have entered into certain arrangements with third-party service providers. Technologies provided by these providers support some of our solutions. If these technologies fail or are of poor quality, our business, reputation and operating results could be harmed. Failure of the service providers to perform satisfactorily could result in client dissatisfaction, disrupt our operations and adversely affect operating results. With respect to these service providers, we have significantly less control over the technologies they provide to us than if we maintained and operated them ourselves, which increases our risk. In some cases, functions necessary to some of our solutions are performed by these third-party technologies. If we need to find an alternative source for performing these functions, we may have to expend significant money, resources and time to develop the alternative, and if this development is not accomplished in a timely manner and without significant disruption to our business, we may be unable to fulfill our responsibilities to clients or the expectations of clients, with the attendant potential for liability claims and a loss of business reputation.

Demand by smaller providers could accelerate transition to a subscription pricing model which could reduce near-term revenue

The adoption of EHR by the large untapped market of smaller provider customers and their greater need to minimize capital outlays could accelerate adoption of subscription-based arrangements as opposed to perpetual licensing arrangements. Under subscription-based arrangements, providers pay a monthly fee over a 36 to 60 month term to utilize our software as compared to perpetual license arrangements, under which providers utilize our software in exchange for a one-time license fee. While an increased amount of subscription arrangements will result in increased recurring revenue over a longer period of time than we have achieved historically, near-term revenue would be reduced as a result, while costs associated with these sales would still be expensed currently. For comparable transactions entered into at the beginning of an annual period, the impact of subscription-based versus perpetual license arrangements would have the effect of reducing the license revenue to be recognized by 66% to 80% in the initial year which would then be made up over the remaining two to five years of the subscription arrangement. If we fail to appropriately price our subscription fees to account for the decrease in near-term revenue, it could have an adverse effect on our business.

The terms of our existing credit facility and future indebtedness could restrict our operations, particularly our ability to respond to changes in our business or to take specified actions.

Our existing credit facility contains, and any future indebtedness would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to take actions that may be in our best interests. The credit facility includes covenants, including requirements that:

- restrict our ability to pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- limit our ability to make certain investments or sell or transfer assets;
- require us to obtain consent from our lenders with respect to acquisitions under certain circumstances;
- restrict our ability to consolidate, merge, sell or otherwise dispose of our properties or assets; and
- we do not impair our lenders security interests in our assets.

Our credit facility requires us to satisfy and maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we may not be able to continue to meet those ratios. A breach of any of these covenants could result in a default under the credit facility.

Upon the occurrence of an event of default, our lenders could elect to declare all amounts outstanding under the credit facility to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders under the credit facility could proceed against the collateral granted to them to secure such indebtedness. We have pledged all of our assets and personal property as collateral

Table of Contents

under the credit facility. If any of the lenders accelerate the repayment of borrowings, we may not have sufficient funds to repay our existing debt.

Regulatory Risks

The healthcare industry is heavily regulated. Our failure to comply with regulatory requirements could create liability for us, result in adverse publicity and negatively affect our business.

The healthcare industry is heavily regulated and is constantly evolving due to the changing political, legislative, regulatory landscape and other factors. Many healthcare laws are complex, and their application to specific services and relationships may not be clear. In particular, many existing healthcare laws and regulations, when enacted, did not anticipate or address the services that we provide. Further, healthcare laws differ from state to state and it is difficult to ensure our business complies with evolving laws in all states. Our operations may be adversely affected by enforcement initiatives. Our failure to accurately anticipate the application of these laws and regulations to our business, or any other failure to comply with regulatory requirements, could create liability for us, result in adverse publicity and negatively affect our business. Federal and state legislatures and agencies periodically consider proposals to revise aspects of the healthcare industry or to revise or create additional statutory and regulatory requirements. Such proposals, if implemented, could impact our operations, the use of our services and our ability to market new services, or could create unexpected liabilities for us. We cannot predict what changes to laws or regulations might be made in the future or how those changes could affect our business or our operating costs.

If a breach of our measures protecting personal data covered by HIPAA or the HITECH Act occurs, we may incur significant liabilities.

The Health Insurance Portability and Accountability Act of 1996, as amended (HIPAA), and the regulations that have been issued under it contain substantial restrictions and requirements with respect to the use, collection, storage and disclosure of individuals protected health information. Under HIPAA, covered entities must establish administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of electronic protected health information maintained or transmitted by them or by others on their behalf. In February 2009, HIPAA was amended by the HITECH Act to add provisions that impose certain of HIPAA s privacy and security requirements directly upon business associates of covered entities. The HITECH Act transferred enforcement authority of the security rule from the Centers for Medicaid and Medicare Services (CMS) to the Office for Civil Rights of HHS, thereby consolidating authority over the privacy and security rules under a single office within HHS. Further, HITECH empowered state attorneys general to enforce HIPAA.

The HITECH Act heightened enforcement of privacy and security rules, indicating that the imposition of penalties will likely be more common in the future and such penalties will be more severe. For example, the HITECH Act requires that the HHS fully investigate all complaints if a preliminary investigation of the facts indicates a possible violation due to willful neglect and impose penalties if such neglect is found. Further, where our liability as a business associate to our clients was previously merely contractual in nature, the HITECH Act now treats the breach of duty under a business associate agreement to carry the same liability as if the covered entity engaged in the breach. In other words, as a business associate, we are now directly responsible for complying with HIPAA. While we strive to adhere to strict policies and procedures, we may find ourselves subject to increased liability as a possible liable party and we may incur increased costs as we implement the various obligations between clients through these agreements.

Finally, regulations also require business associates to notify covered entities, who in turn must notify affected individuals and government authorities of data security breaches involving unsecured protected health information. Our customers are covered entities and we are a business associate of our customers under HIPAA and the HITECH Act as a result of our contractual obligations to perform certain functions on behalf of and provide certain services to those customers. We have performed an assessment of the potential risks and vulnerabilities to the confidentiality, integrity and availability of electronic health information. In response to this risk analysis, we implemented and maintain physical, technical and administrative safeguards intended to protect all personal data and have processes in place to assist us in complying with applicable laws and regulations regarding the protection of this data and properly responding to any security incidents. If we knowingly breach the HITECH Act s requirements, we could

Table of Contents

be exposed to criminal liability. A breach of our safeguards and processes could expose us to civil penalties (up to $1.5 million for identical incidences) and the possibility of civil litigation.

If we or our customers fail to comply with federal and state laws governing submission of false or fraudulent claims to government healthcare programs and financial relationships among healthcare providers, we or our customers may be subject to civil and criminal penalties or loss of eligibility to participate in government healthcare programs.

As a participant in the healthcare industry, our operations and relationships, and those of our customers, are regulated by a number of federal, state and local governmental entities. The impact of these regulations can adversely affect us even though we may not be directly regulated by specific healthcare laws and regulations. We must ensure that our technology solutions can be used by our customers in a manner that complies with those laws and regulations. Inability of our customers to do so could affect the marketability of our technology solutions or our compliance with our customer contracts, or even expose us to direct liability under the theory that we had assisted our customers in a violation of healthcare laws or regulations. A number of federal and state laws, including anti-kickback restrictions and laws prohibiting the submission of false or fraudulent claims, apply to healthcare providers and others that make, offer, seek or receive referrals or payments for technology solutions or services that may be paid for through any federal or state healthcare program and, in some instances, any private program. These laws are complex and their application to our specific services and relationships may not be clear and may be applied to our business in ways that we do not anticipate. Federal and state regulatory and law enforcement authorities have recently increased enforcement activities with respect to Medicare and Medicaid fraud and abuse regulations and other healthcare reimbursement laws and rules. From time to time, participants in the healthcare industry receive inquiries or subpoenas to produce documents in connection with government investigations. We could be required to expend significant time and resources to comply with these requests, and the attention of our management team could be diverted by these efforts. The occurrence of any of these events could give our customers the right to terminate our contracts with us and result in significant harm to our business and financial condition.

These laws and regulations may change rapidly, and it is frequently unclear how they apply to our business. Any failure of our technology solutions or services to comply with these laws and regulations could result in substantial civil or criminal liability and could, among other things, adversely affect demand for our services, invalidate all or portions of some of our contracts with our customers, require us to change or

terminate some portions of our business, require us to refund portions of our revenue, cause us to be disqualified from serving customers doing business with government payers, and give our customers the right to terminate our contracts with them, any one of which could have an adverse effect on our business.

Risks Related to this Offering and Ownership of Shares of Our Common Stock

Our securities have no prior market and our stock price may decline after the offering.

Prior to this offering, there has been no public market for shares of our common stock. An active public trading market for our common stock may not develop or, if it develops, may not be maintained after this offering. For example, the New York Stock Exchange imposes certain securities trading requirements, including minimum trading price, minimum number of stockholders and minimum market capitalization. We and the representatives of the underwriters negotiated to determine the initial public offering price. The initial public offering price may be higher than the trading price of our common stock following this offering. As a result, you could lose all or part of your investment.

The trading price of our common stock is likely to be volatile.

The trading price of our common stock is likely to be highly volatile and could be subject to wide fluctuations in response to various factors. In addition to the risks described in this section, factors that may cause the market price of our common stock to fluctuate include:

fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;

changes in estimates of our financial results or recommendations by securities analysts;

investors general perception of us; and

changes in general economic, industry and market conditions.

In addition, if the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations.

Some companies that have had volatile market prices for their securities have had securities class actions filed against them. If a suit were filed against us, regardless of its merits or outcome, it would likely result in substantial costs and divert management s attention and resources. This could have a material adverse effect on our business, operating results and financial condition.

We will incur increased costs and demands upon our management and other personnel as a result of complying with the laws and regulations affecting public companies, which could harm our operating results.

We have never operated as a public company. As a public company, we will be required to ensure that we have the ability to prepare financial statements that comply with SEC reporting requirements on a timely basis. We will also be subject to other reporting and corporate governance requirements, including the New York Stock Exchange listing standards and certain provisions of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) and the regulations promulgated thereunder, which impose significant compliance obligations upon us. Specifically, we will be required to:

prepare and distribute periodic reports and other stockholder communications in compliance with our obligations under the federal securities laws and applicable stock exchange rules;

create or expand the roles and duties of our Board of Directors and committees of the board;

institute compliance and internal audit functions that are more comprehensive;

evaluate and maintain our system of internal control over financial reporting, and report on management s assessment thereof, in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act and the related rules and regulations of the SEC and the Public Company Accounting Oversight Board;

involve and retain outside legal counsel and accountants in connection with the activities listed above;

enhance our investor relations function; and

maintain internal policies, including those relating to disclosure controls and procedures.

As a public company, we will be required to commit significant resources and management time and attention to the above-listed requirements, which will cause us to incur significant costs and which may place a strain on our systems and resources. As a result, our management s attention might be diverted from other business concerns. In addition, we might not be successful in implementing these requirements. The cost of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited reports to stockholders will cause our expenses to be higher than they would be if we remained a privately-held company.

In addition, the Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and improve the effectiveness of our disclosure controls and procedures, significant resources and management oversight will be required. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. We expect to incur significant additional annual expenses related to these activities and, among other things, additional directors and officers liability insurance, director fees, reporting requirements, transfer agent fees, hiring additional accounting, legal and administrative personnel, increased auditing and legal fees and similar expenses. We may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act or our independent registered public accounting firm may not issue a favorable assessment. If either we are unable to conclude that we have effective internal control over financial reporting or our independent registered public accounting firm are unable to provide

Table of Contents

us with an unqualified report, investors could lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the contractual lock-up agreements described below expire and other restrictions on resale lapse, the trading price of our common stock could decline below the initial public offering price. Based on shares outstanding as of , upon the closing of this offering, we will have outstanding shares of common stock. Of these shares, shares of common stock will be eligible for sale in the public market and shares of common stock will be subject to a 180-day contractual lock-up with the underwriters. The underwriters may permit our officers, directors, employees and current stockholders who are subject to the contractual lock-up to sell shares prior to the expiration of the lock-up agreements. Upon expiration of the contractual lock-up agreements with the underwriters, and based on shares outstanding as of , an additional shares will be eligible for sale in the public market.

You will experience an immediate and substantial dilution of the net tangible book value of the common shares you purchase in this offering.

The initial public offering price per share of our common stock is substantially higher than our net tangible book value per common share immediately after this offering. For this purpose, the net tangible book value per share represents the total amount of the Company s tangible assets, less the total amount of liabilities, divided by the total number of shares outstanding, and dilution is determined by subtracting the net tangible book value per share after the offering from the initial public offering price per share. As a result, you may pay a price per share that

substantially exceeds the book value of our assets after subtracting our liabilities. Investors who purchase common stock in this offering will be diluted by $ per share after giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share. If we grant options in the future to our employees, and those options are exercised or other issuances of common stock are made, there will be further dilution.

Your ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock and will continue to have substantial control over us after the offering.

Upon completion of this offering, our officers, directors and principal stockholders (greater than 5% stockholders) collectively will beneficially own approximately % of our issued and outstanding common stock. As a result, these stockholders will be able to exert significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our Company or its assets, and may have interests that are different from yours and may vote in a way with which you disagree and which may be adverse to your interests. In addition, this concentration of ownership may have the effect of preventing, discouraging or deferring a change of control, which could depress the market price of our common stock.

Transactions engaged in by our principal stockholders, our officers or directors involving our common stock may have an adverse effect on the price of our stock.

As described above, our officers, directors and principal stockholders (greater than 5% stockholders) collectively will control approximately % of our issued and outstanding common stock upon completion of this offering. Subsequent sales of our shares by these stockholders could have the effect of lowering our stock price. The perceived risk associated with the possible sale of a large number of shares by these stockholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our stockholders to sell their stock, thus causing the price of our stock to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of stock by our directors or officers could cause other institutions or individuals to engage in short sales of our common stock, which may further cause the price of our stock to decline.

Table of Contents

From time to time our directors and executive officers may sell shares of our common stock on the open market. These sales will be publicly disclosed in filings made with the SEC. In the future, our directors and executive officers may sell a significant number of shares for a variety of reasons unrelated to the performance of our business. Our stockholders may perceive these sales as a reflection on management s view of the business and result in some stockholders selling their shares of our common stock. These sales could cause the price of our stock to drop.

Provisions in our Delaware certificate of incorporation, which will be in effect upon the completion of this offering, and Delaware law may discourage a takeover attempt.

Provisions contained in our Delaware certificate of incorporation, which will be in effect upon the completion of this offering, and Delaware law impose various procedural and other requirements, which could make it more difficult for a third-party to acquire us or for stockholders to effect certain corporate actions. For example, our certificate of incorporation will authorize our Board of Directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our stockholders. Therefore, the Board of Directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. In addition, as of the closing of this offering, our certificate of incorporation and bylaws will provide for a staggered, or classified Board of Directors consisting of three classes of directors, each serving staggered three-year terms. These rights may have the effect of delaying or deterring a change of control of our Company. These provisions could limit the price that certain investors may be willing to pay in the future for shares of our common stock.

We will have broad discretion in using the proceeds of this offering, and we may not effectively expend the proceeds.

We intend to use approximately $ of the net proceeds of this offering to make a cash payment to holders of our outstanding preferred stock concurrently with the conversion of such shares into shares of common stock upon the closing of this offering, approximately $ 12 million to finance the construction of new facilities to accommodate the growth of our business, and the balance for working capital and general corporate purposes, which may include financing our growth, developing new technology solutions and services, and funding capital expenditures, acquisitions and investments. We will not receive any proceeds from the sale of shares by the selling stockholders. We will have significant flexibility and broad discretion in applying the net proceeds of this offering and we may not apply the proceeds of this offering effectively. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. You will not have

the opportunity to influence our decisions on how to use our net proceeds from this offering.

Your percentage ownership in us may be diluted by future issuances of capital stock or securities or instruments that are convertible into our capital stock, which could reduce your influence over matters on which stockholders vote.

Our Board of Directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares that may be issued to satisfy our obligations under our equity incentive plans, shares of our authorized but unissued preferred stock and securities and instruments that are convertible into our common stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, likely would result in your interest in us being subject to the prior rights of holders of that preferred stock.

Further, we may need to raise additional funds in the future to finance our operations and/or acquire complimentary businesses. If we obtain capital in future offerings on a per-share basis that is less than the initial public offering price per share, the value of the price per share of your common stock will likely be reduced. In addition, if we issue additional equity securities in a future offering and you do not participate in such offering, there will effectively be dilution in your percentage ownership interest in the Company.

Under the Company s 2011 Stock Plan and the Company s previous stock incentive plans, the Company granted, and in the future intends to grant, awards of stock options to purchase common stock and other awards to our officers, directors, employees and consultants. As of , we have granted stock options (excluding

Table of Contents

canceled stock options) with respect to shares of common stock (of which, options to purchase shares have been exercised as of).

We will in the future grant stock options and other awards to certain current or future officers, directors, employees and consultants of the Company under additional plans or individual agreements. The grant and exercise of these awards, as applicable, will have the effect of diluting your ownership interests in the Company. We may also issue additional equity securities in connection with other types of transactions, including shares issued as part of the purchase price for acquisitions of assets or other companies from time to time in connection with strategic partnerships or joint ventures, or as incentives to management or other providers of resources to the Company. Such additional issuances are likely to have the same dilutive effect.

We currently have no plans to pay dividends on our common stock, so you may not receive funds without selling your common stock.

We currently do not pay dividends on our common stock and we do not anticipate paying any dividends on our common stock in the foreseeable future. Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants of our debt agreements, and will be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, results of operations, earnings, capital requirements, business expansion opportunities, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant.

Further, we may not have sufficient surplus to be able to legally pay any dividends in the future. The absence of sufficient surplus may result from extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures, or increases in reserves.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. Forward-looking statements convey our current expectations or forecasts of future events. All statements contained in this prospectus other than statements of historical fact, including

statements regarding our future results of operations and financial position, business strategy and plans, use of the net proceeds of this offering, and our objectives for future operations, are forward-looking. You can identify forward-looking statements by terminology such as project, believe, anticipate, plan, expect, estimate, intend, should, would, could, will, can, continue, or may, or the neg similar expressions that convey uncertainty of future events or outcomes. The following uncertainties and factors, among others (including the factors described in the section entitled Risk Factors in this prospectus), could affect our future performance and cause actual results to differ materially from those expressed or implied by forward-looking statements:

- our ability to adapt to evolving technology and industry standards;
- our ability to implement our growth strategy;
- our ability to retain management and other qualified personnel;
- failure to prevent disruptions in service or damage to our third-party providers data centers;
- failure to avoid liability for the use of content we provide;
- regulation of the healthcare information technology industry;
- our ability to ensure our solutions meet industry and government standards;
- failure to maintain adequate security measures for our customers confidential information and personal identifiable information and patient s protected health information;
- our ability to obtain new provider clients;
- failure of the HITECH Act and other incentive programs to be fully implemented or funded by the government;
- our ability to implement our strategic relationships as currently intended;
- failure to establish, protect or enforce our intellectual property; and
- restrictions in our credit facility and future indebtedness.

There are a number of important factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements. These important factors include those that we discuss in this prospectus under the caption Risk Factors. You should read these factors and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. If one or more of these factors materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This prospectus also contains statistical data and estimates, including those relating to market size and growth rates of the markets in which we participate, that we obtained from industry publications and generated with internal analysis and estimates. These publications include forward-looking statements made by the authors of such reports. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions. Actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Some data and information are also based on our good faith estimates, which are derived from our review of internal surveys as well as the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information and cannot assure you of its accuracy or completeness.

Table of Contents

USE OF PROCEEDS

We estimate that our net proceeds from the sale of the shares of common stock by us will be approximately $ million, assuming an initial public offering price of $ per share, the mid-point of the range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option in full, the net proceeds to us will be approximately $ million. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

Assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus, a $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering to pay (a) approximately $ consisting of a cash payment to holders of our outstanding preferred stock (excluding those holders who elect in connection with the conversion to receive such payment in the form of common stock) concurrently with the conversion of such shares into shares of common stock upon the closing of this offering, (b) approximately $12 million to finance the construction of new facilities to accommodate the growth of our business, and (c) the remainder for working capital and general corporate purposes, which may include financing our growth, developing new technology solutions and services, and funding capital expenditures, acquisitions and investments. The Company currently does not have any pending material acquisitions. We will not receive any proceeds from the sale of shares by the selling stockholders. In connection with the consummation of this offering, all outstanding shares of Series A and Series B Convertible Preferred Stock will be converted into shares of common stock. Each share of Series A Preferred Stock will convert into 1.263 shares of the Company s common stock, while each share of Series B Preferred Stock will convert into one share of the Company s common stock. In connection with such conversion, each Series A Preferred stockholder will receive a payment of $6 per share and each Series B Preferred stockholder will receive $4.75 per share, which holders of Series A Preferred Stock and Series B Preferred Stock may elect to receive in the form of shares of the Company s common stock in an amount equal to the quotient obtained by the dividing (i) the total amount of the payment then due to such holder of Preferred Stock by (ii) the per share price of the Company s common stock based on the initial price to the public in this offering. Accordingly, simultaneously with the closing of this offering and consistent with payment elections previously received by the Company, the holders of our Series A and Series B Convertible Preferred Stock will receive cash payments totaling approximately $ as well as a total of number of common shares. Upon the closing of this offering, we will no longer have any preferred stock outstanding.

Pending the foregoing uses, we intend to invest the net proceeds in high-quality, investment grade U.S. government-backed obligations. The actual use of the proceeds may vary significantly and will depend on a number of factors, including our future revenue and cash generated by operations and other factors described in the section entitled Risk Factors appearing elsewhere in this prospectus. Accordingly, our management will have broad discretion in applying the net proceeds of this offering.

Table of Contents

DIVIDEND POLICY

Since our incorporation, we have not declared or paid any dividends on our common stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business and do not anticipate paying cash dividends for the foreseeable future. Our existing credit facility prohibits us from paying cash dividends, and any future financing agreements may prohibit us from paying any type of dividends.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2011, as follows:

- on an actual basis; and
- on a pro forma as adjusted basis to reflect (1) the conversion of all outstanding shares of our preferred stock into 8,842,104 shares of common stock simultaneously with the closing of this offering; (2) in connection with such conversion, a cash payment to our preferred stockholders (excluding those holders who elect in connection with the conversion to receive such payment in the form of common stock) of approximately $, as well as the issuance of shares of common stock to certain holders of our preferred stock who have elected to receive common stock in lieu of their cash payment; and (3) our issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds therefrom as described in Use of Proceeds.

The pro forma as adjusted information set forth in the table below is illustrative only and will adjust based on the actual initial public offering price and other terms of the offering determined at pricing.

You should read this information in conjunction with Use of Proceeds, our consolidated financial statements and the related notes appearing at the end of this prospectus and the Management s Discussion and Analysis of Financial Condition and Results of Operations section and other financial information contained in this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total stockholders equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(In thousands, except share and per share amounts)		Actual	Pro forma as adjusted
Cash and cash equivalents and short-term investments		$ 13,291	
Convertible redeemable preferred stock, at fair value:			
Series A $0.01 par value, 3,458,333 shares authorized, issued and outstanding actual	3,333,333	80,100	
issued and outstanding pro forma as adjusted			
Series B $0.01 par value, 4,631,579 shares authorized, issued and outstanding actual	4,631,579	88,093	
issued and outstanding pro forma as adjusted			
Stockholders deficit			
Common stock, $1.00 par value, 25,000,000 shares, authorized,	1		
issued and outstanding actual	1,708,321	11, 529	
issued and outstanding pro forma as adjusted			
Additional paid-in capital actual		60,219	
Additional paid-in capital pro forma as adjusted			
Accumulated deficit		(179,802)	
Total stockholders deficit		(108,054)	

	Actual	Pro forma as adjusted
Total capitalization	$ 60,139	

The table above does not include:

shares of common stock issuable upon the exercise of warrants outstanding as of September 30, 2011 at a weighted average exercise price of $ per share;

shares of common stock issuable upon the exercise of stock options outstanding as of September 30, 2011 at a weighted average exercise price of $ per share; and

shares of common stock available for future issuance under our equity compensation plans as of September 30, 2011.

Table of Contents

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of common stock is substantially in excess of the net tangible book value per share of our common stock attributable to existing stockholders for our presently outstanding shares of common stock. We calculate net tangible book value per share of our common stock by dividing the net tangible book value (total consolidated tangible assets less total consolidated liabilities) by the number of outstanding shares of our common stock, including shares of common stock issuable upon conversion of our preferred stock simultaneously with the completion of this offering. Our net tangible book value (deficit) as of September 30, 2011 was $ million, or $ per share of our common stock, based on shares of our common stock outstanding immediately prior to the closing of this offering. Net tangible book value represents the amount of total tangible assets less total liabilities. Dilution is determined by subtracting net tangible book value per share of our common stock from the assumed initial public offering price per share of our common stock.

After giving effect to the sale of shares of our common stock in this offering assuming an initial public offering price of $ per share, less the underwriting discounts, commissions and estimated offering expenses payable by us, and without taking into account any other changes in such net tangible book value after September 30, 2011, our pro forma as adjusted net tangible book value as of September 30, 2011 would have been or per share. This represents an immediate increase in net tangible book value of $ per share of our common stock to the existing stockholders and an immediate dilution in net tangible book value of $ per share of our common stock, or % of the estimated offering price of $, to investors purchasing shares of our common stock in this offering. The following illustrates such dilution per share of our common stock:

Assumed initial public offering price per share	$
Pro forma net tangible book value at September 30, 2011	
Increase in pro forma net tangible book value per share attributable to new investors	
Pro forma as adjusted net tangible book value per share after offering dilution per share to new investors	
Dilution per share to new investors	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $, and dilution in pro forma net tangible book value per share to new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise in full their over-allotment option, the pro forma as adjusted net tangible book value after the offering would be $ per share, the increase in pro forma net tangible book value to existing stockholders would be $ per shares and the dilution to new investors would be $ per share, in each case assuming an initial public offering

price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus.

The following table summarizes, as of September 30, 2011, the differences between the number of shares purchased from us, the total consideration paid to us in cash and the average price per share that existing stockholders and new investors paid. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Table of Contents

	Shares purchased		Total consideration		
	Number	Percent	Amount	Percent	Average per share
Existing stockholders		%		%	
New investors		%		%	
Total		100%		%	

A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease, as applicable, total consideration paid by investors in this offering and total consideration paid by all stockholders by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

The discussion and tables above assume no exercise of the underwriters over-allotment option. If the underwriters over-allotment option is exercised in full:

- the number of shares of common stock held by existing stockholders will represent % of the total number of shares of common stock to be outstanding after this offering; the number of shares of common stock held by investors participating in this offering will represent % of the total number of shares of common stock to be outstanding after this offering; and
- our adjusted pro forma net tangible book value at September 30, 2011 will be $ million, or $ per share of common stock, representing an immediate increase in pro forma net tangible book value of $ per share of common stock to our existing stockholders and an immediate dilution of $ per share to investors purchasing shares in this offering.

The foregoing tables and calculations are based on the number of shares of our common stock outstanding as of September 30, 2011 after giving effect to the automatic conversion of all outstanding shares of our preferred stock simultaneously with the closing of this offering and, excludes:

- shares of common stock issuable upon the exercise of warrants outstanding as of , 2011 at a weighted average exercise price of $ per share.
- shares of common stock issuable upon the exercise of stock options outstanding as of , 2011 at a weighted average exercise price of $ per share.
- shares of common stock available for future issuance under our equity compensation plans as of , 2011.

To the extent any of these outstanding options or warrants are exercised, there will be further dilution to new investors. To the extent all of such outstanding options and warrants had been exercised as of September 30, 2011, the pro forma as adjusted net tangible book value (deficit) per share after this offering would be $ and total dilution per share to new investors would be $.

For a description of our equity incentive plan, see Executive Compensation Compensation Discussion and Analysis.

Table of Contents

SELECTED FINANCIAL DATA

The following tables set forth, for the periods and at the dates indicated, our financial data. We derived the statement of operations data for the years ended June 30, 2009, 2010 and 2011 and the balance sheet data as of June 30, 2010 and 2011 from our audited financial statements, which are included in this prospectus. We derived the statement of operations data for the year ended June 30, 2008 and the balance sheet data as of June 30, 2009 from our audited financial statements, which are not included in this prospectus. We derived the statement of operations data for the year ended June 30, 2007 and the balance sheet data as of June 30, 2007 and 2008 from our audited financial statements, that were subsequently revised to conform to Regulation S-X and, as such, are now unaudited.

The summary statement of operations data for the three months ended September 30, 2010 and 2011 and the summary balance sheet data as of September 30, 2011 are derived from our unaudited financial statements included elsewhere in this prospectus. Our unaudited financial statements have been prepared on the same basis as the audited financial statements and notes thereto and, in the opinion of our management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the information for the unaudited interim periods. Our historical results for prior interim periods are not necessarily indicative of results to be expected for a full year or for any future period.

You should read the following information together with the more detailed information contained in Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

	For the years ended June 30,					Three months ended September 30,	
	2007	2008	2009	2010	2011	2010	2011
(in thousands, except per share data)	(U naudited)					(Unaudited)	
Statements of operations data							
Revenue:							
Systems sales	$ 18,504	$ 18,207	$ 20,650	$ 24,172	$ 31,726	$ 4,459	$ 6,648
Training and consulting services	5,603	5,998	7,925	11,863	18,373	3,417	6,603
Support services	6,081	8,457	11,421	16,031	22,401	4,848	7,056
Electronic data interchange and business services	4,094	6,137	8,716	12,576	17,339	3,783	5,343
Total revenue	34,282	38,799	48,712	64,642	89,839	16,507	25,650
Cost of revenue:							
Systems sales [(1)]	6,786	5,478	6,500	6,752	7,522	1,222	1,847
Training and consulting services[(1)]	4,659	5,073	5,708	8,152	13,550	2,910	4,431
Support services[(1)]	2,302	2,763	3,279	4,179	7,059	1,249	2,257
Electronic data interchange and business services[(1)]	2,877	4,439	5,954	8,713	12,280	2,580	3,821
Total cost of revenue [(1)]	16,624	17,753	21,441	27,796	40,411	7,961	12,356
Gross profit	17,658	21,046	27,271	36,846	49,428	8,546	13,294
Operating expenses:							
Sales, general and administrative[(1)]	12,954	16,860	20,370	27,727	37,399	8,597	10,678
Research and development[(1)]	4,867	5,356	5,767	5,991	8,218	1,824	3,165
Total operating expenses [(1)]	17,821	22,216	26,137	33,718	45,617	10,421	13,843
Operating income (loss)	(163)	(1,170)	1,134	3,128	3,811	(1,875)	(549)
	467	(244)	153	115	46		(47)

	For the years ended June 30,					Three months ended September 30,	
Interest (income) expense and other expense, net							
Income (loss) before income taxes	(630)	(926)	981	3,013	3,765	(1,875)	(596)
Provision (benefit) for income taxes			26	148	(29,200)	6	(190)
Net income (loss)	(630)	(926)	955	2,865	32,965	(1,881)	(406)
Preferred stock dividends and accretion	(25,217)	(6,471)	(9,014)	(8,038)	(54,961)	(13,232)	(9,376)
Loss available to common stockholders	$(25,847)	$ (7,397)	$ (8,059)	$ (5,173)	$(21,996)	$ (15,113)	$ (9,782)

Table of Contents

	For the years ended June 30,					Three months ended September 30,	
	2007	**2008**	**2009**	**2010**	**2011**	**2010**	**2011**
(in thousands, except per share data)	**(U naudited)**					**(Unaudited)**	
Per share data:							
Net loss per share:							
Basic and diluted	$ (2.60)	$ (0.74)	$ (0.81)	$ (0.48)	$ (1.90)	$ (1.32)	$ (0.84)
Weighted average number of common shares outstanding:							
Basic and diluted	9,937	9,940	9,947	10,684	11,579	11,489	11,686

(1) Includes stock-based compensation in the following amounts:

Cost of revenue:							
System sales	$	$	$	$ 8	$ 7	$ 1	$ 8
Training and consulting services	27	78	57	64	74	23	92
Support services	12	100	14	23	37	7	79
Electronic data interchange and business services	1	6	1	1	9		
Total cost of revenue	$ 40	$ 184	$ 72	$ 96	$ 127	$ 31	$ 179
Operating expenses:							
Sales, general and administrative	$ 210	$ 1,196	$ 482	$ 463	$ 1,118	$ 208	$ 214
Research and development	52	168	11	63	154	39	664
Total operating expenses	262	1,364	493	526	1,272	247	878
Total stock-compensation expense	$ 302	$ 1,548	$ 565	$ 622	$ 1,399	$ 278	$ 1,057

As of June 30,						
2007	**2008**	**2009**	**2010**	**2011**	**As of September 30, 2011**	**Pro forma as adjusted(1)**

(in thousands)	As of June 30,					
	(Unaudited)					(Unaudited)
Balance sheet data:						
Cash, cash equivalents, and short-term investments	$ 11,376	$ 8,161	$ 9,711	$ 19,179	$ 16,168	$ 13,291
Working capital	8,613	8,564	9,861	16,966	14,447	11,920
Total assets	17,058	19,944	22,210	38,604	82,156	83,172
Deferred revenue	4,770	3,233	3,717	4,320	8,672	9,041
Long-term obligations	98	2,218	1,904		349	311
Convertible preferred stock at fair value	81,151	87,360	95,818	103,855	158,816	168,193
Accumulated deficit	(127,394)	(134,791)	(142,850)	(148,024)	(170,020)	(179,802)
Total stockholders deficit	(71,208)	(77,056)	(84,539)	(79,996)	(99,484)	(108,054)

(1) The pro forma as adjusted summary balance sheet data as of September 30, 2011 gives effect to the conversion of all outstanding shares of our convertible preferred stock into 8,842,104 shares of common stock upon the closing of this offering and the cash payment due to holders of our convertible preferred stock upon conversion (up to approximately $42.0 million) and gives further effect to the sale of shares of our common stock at an initial public offering price of $ per share after deducting underwriting discounts and estimated offering expenses payable by us.

	For the years ended June 30,					Three months ended September 30,	
	2007	2008	2009	2010	2011	2010	2011
	(Unaudited) (in thousands)					(Unaudited)	
Adjusted EBITDA[(1)]	$ 199	$ 700	$2,029	$4,144	$6,385	$ (1,458)	$ 930
Net cash provided by (used in) operating activities	(2,493)	(2,416)	2,070	6,628	6,243	(376)	811
Capital expenditures	307	3,128	325	2,784	4,129	779	769

(1) Adjusted EBITDA, a non-GAAP measure, is an unaudited number and represents income (loss) before interest, income taxes, depreciation and amortization and stock-based compensation. See discussion of Adjusted EBITDA in Management s Discussion and Analysis of Financial Conditions and Results of Operations.

Table of Contents

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

The following discussion and analysis of our financial condition and results of operations should be read together with Selected Consolidated Financial Data, and our consolidated financial statements and the related notes and the other financial information appearing elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives,

expectations and intentions. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under Risk Factors and Special Note Regarding Forward-Looking Statements. All forward-looking statements in this document are based on information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statements.

Business overview

We are a leading provider of integrated information technology solutions and managed business services to ambulatory healthcare providers throughout the United States. At the core of our suite of solutions and services is PrimeSUITE, our award-winning, fully-integrated EHR, PM and interoperability solution. PrimeSUITE integrates clinical, financial and administrative data in a single database to enable comprehensive views of patient records and efficient workflow throughout each patient encounter, reduce clinical and administrative errors, and allow for the seamless exchange of data between our customers and the broader healthcare community. We augment our solutions by offering managed business services such as clinically-driven revenue cycle and EHR-enabled research services. By integrating clinical, financial and administrative data processes, our solutions and services are designed to allow providers to deliver advanced care and improve their efficiency and profitability. Over 33,000 providers (which we define as physicians, nurses, nurse practioners, physician assistants, and other clinical staff) use our solutions to deliver care to and capture the clinical, financial and administrative information of over 20 million patients.

Our technology solutions and services are designed to address the needs of providers in all ambulatory settings: independent physician practices, group practices, hospital-affiliated and hospital-owned clinics and practices, retail clinics, employer clinics, university and academic centers, federally-qualified health centers (FQHCs), community health centers (CHCs), accountable care communities (ACCs) and accountable care organizations (ACOs), and integrated delivery networks (IDNs). Our single database technology platform, which reflects over 12 years of development, is scalable to serve the needs of ambulatory providers of any size. As providers needs evolve, our platform allows for the efficient development and integration of new solutions, which we refer to as our innovation platform. Our solutions are available on either a cloud-based or premise-based model.

The ambulatory EHR market has historically been underpenetrated and installed systems have been underutilized. Adoption of these technologies has been low for several reasons including providers resistance to making the required investment as well as concerns that electronic records would disrupt clinical and administrative workflows. Adoption of EHR solutions is accelerating as more providers realize the possible return on investment from adoption of solutions such as PrimeSUITE. Government initiatives and legislation have provided financial incentives and implementation support for ambulatory providers to adopt EHR solutions.

In order for us to continue to deliver on this commitment to our providers we are committed to investing in our innovation platform and managed business services to address the trends and challenges we believe will affect our providers now and in the future. We will invest in the development of new products and enhancements to existing products that we believe present opportunities for substantial efficiencies to ourselves and our providers businesses. In responding to the acceleration of EHR adoption, government regulations such as the HITECH Act and ARRA, and other market trends such as increasing consumerism, the shift to quality-based reimbursement and the focus on improving the coordination of care among providers, we face also the following opportunities, challenges and risks, which could impact our business:

Maintaining Adequate Capacity to Satisfy Potential Increased Demand. We have taken steps to position ourselves to take advantage of expected increased demand by increasing our direct sales force, enhancing our relationships with strategic alliance partners with established sales forces and increasing our systems

Table of Contents

installation capacity by utilizing third-party training and implementation specialists certified in PrimeSUITE deployment. While we believe these steps are sufficient to satisfy expected demand, additional investments and steps may be required.

Ensuring Continued Certification of Our Solutions. In order to qualify for government incentives for EHR adoption, our solutions must continue to meet various and changing requirements for product certification and must enable our providers to achieve meaningful use as defined by existing and new regulations. We will continue to invest significant resources to ensure compliance of our solutions and to train and consult with our providers to enable them to navigate meaningful use regulations. Our ability to achieve certification under applicable standards from time to time and the length and cost of related solutions development and enhancement could materially impact our ability to take advantage of increased demand and require larger research and development investments than anticipated.

Ensuring Our Ability to Address Emerging Demand Trends. Trends toward community-based purchasing decisions where individuals, hospitals, health systems and IDNs subsidize the purchase of EHR solutions for their affiliated physicians in order to expand connectivity within their provider community, and government-funded providers and initiatives, such as RECs, to encourage and support the implementation of EHR, could result in longer sales cycles and installation periods. This may also increase the need for additional training and implementation specialists because of the size and complexity of those sales. As a result, while we expect these trends to result in increased demand for our solutions and managed business services, they may require additional investment by us and may have unintended or unexpected consequences that could impact our business.

Demand by Smaller Providers Could Accelerate Transition to Subscription Pricing Model. The adoption of EHR by the large untapped market of smaller provider customers and their greater need to minimize capital outlays could accelerate adoption of subscription-based arrangements as opposed to perpetual licensing arrangements. While additional subscription arrangements will result in increased recurring revenue over a longer period of time than we have achieved historically, near-term revenue would be reduced as a result while costs associated with these sales would still be expensed currently.

Uncertain Impact of Recent Legislation. Recently enacted public laws reforming the U.S. healthcare system may impact our business. The Patient Protection and Affordable Care Act (PPACA) and The Health Care and Education and Reconciliation Act of 2010 (the Reconciliation Act), which amends the PPACA (collectively the Health Reform Laws), were signed into law in March 2010. The Health Reform Laws contain various provisions which may impact the Company and our customers. Some of these provisions may have a positive impact, by expanding the use of electronic health records in certain federal programs, for example, while others, such as reductions in reimbursement for certain types of providers, may have a negative impact due to fewer available resources. Increases in fraud and abuse penalties may also adversely affect participants in the health care sector, including the Company.

Sources of Revenue and Expenses

Revenue

We derive our revenue primarily from sales of our PrimeSUITE platform of proprietary solutions, related hardware and professional services to providers in ambulatory settings. Currently, a sizable percentage of our solution sales are made as perpetual licenses to our customers; however, our software is currently available in a cloud-based or a premise-based model.

We classify our revenue as: (1) Systems Sales, (2) Training and Consulting Services, (3) Support Services, and (4) Electronic Data Interchange and Business Services. Systems Sales are products comprised of software licenses, primarily PrimeSUITE, and related hardware and third-party software. Training and Consulting Services include implementation, training and consulting associated with Systems Sales. Support Services includes solutions we offer on a per user or transaction basis, such as PrimeSUITE and PrimeEXCHANGE services for connectivity to third-parties and third-party database charges. Electronic Data Interchange and Business Services includes

Table of Contents

third-party charges for patient claims, statements and eligibility, and clinically-driven RCM and EHR-enabled research services.

As our installed customer base continues to grow, we anticipate that Support Services and Electronic Data Interchange and Business Services, which are recurring in nature, will expand as a percentage of our total revenue. There is moderate seasonality to our annual revenue. Typically, the smallest percentage of sales occurs in the first fiscal quarter due primarily to provider purchasing patterns. See Results of Operations for more information.

Cost of Revenue.

Cost of revenue for Systems Sales consists primarily of third-party hardware and software costs. Cost of revenue for Training and Consulting Services consists primarily of compensation (including stock-based compensation) and benefits of our billable professionals and fees to third-party specialists for deployment, implementation and training, and travel costs. Cost of revenue for Support Services consists primarily of compensation (including stock-based compensation) and benefits of support specialists, and fees to third-parties for database and remote hosting services. Cost of revenue for Electronic Data Interchange consists primarily of fees to third-parties for processing claims, statements and

eligibility requests; cost of revenue for Business Services consists primarily of compensation (including stock-based compensation) and benefits of personnel who deliver our revenue cycle management services and various third-party costs associated with our EHR-enabled clinical research services. As higher-margin recurring revenue increases as a percentage of total revenue, we believe overall gross margin will also increase over time.

Sales, General and Administrative Expenses

Sales, general and administrative (SG&A) expenses consist primarily of compensation (including stock-based compensation) and benefits, commissions, travel, professional fees, advertising and other administrative and general expenses, including depreciation and amortization of equipment and leasehold improvements, for the Company s sales and marketing functions; executive offices, administration, human resources, corporate information technology support, legal, finance and accounting, and other corporate services. We intend to invest in our infrastructure as appropriate to expand our market share and accommodate our growing customer base. We expect to incur additional expenses associated with being a public company, including increased legal and accounting costs, investor relations costs and compliance costs in connection with Section 404 of the Sarbanes-Oxley Act. As a result, we expect SG&A expenses to increase as we grow, but remain relatively constant as a percentage of revenue and ultimately decline as we achieve leverage from our infrastructure investments.

Research and Development Expenses

Research and development expenses consist primarily of compensation (including stock-based compensation) and benefits, third-party contractor costs and other facility and administrative costs, including depreciation of equipment directly related to development of new products and upgrading and enhancing existing products. In accordance with GAAP, research and development costs related to new application development and enhancements to existing products are expensed until technological feasibility is established. Once technological feasibility is established such costs are capitalized until the product or enhancement is ready for market, at which point capitalization ceases. We capitalize research and development costs under these criteria including the compensation-related costs of personnel and related third-party contractors working directly on specific projects. We intend to invest in our innovation platform to maintain cutting-edge technology for the benefit of our customers as well as to meet evolving requirements of the market, including certifications and standards.

Provision for Income Taxes

In preparing our financial statements, we estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and financial reporting purposes. These differences result in deferred income tax assets and liabilities.

Table of Contents

Statement of Operations Data

The following tables set forth our statement of operations data for each period presented:

	For the years ended June 30,			Three months ended September 30,	
	2009	2010	2011	2010	2011
		(in thousands)		(Unaudited)	
Statements of operations data					
Revenue:					
Systems sales	$ 20,650	$ 24,172	$ 31,726	$ 4,459	$ 6,648
Training and consulting services	7,925	11,863	18,373	3,417	6,603
Support services	11,421	16,031	22,401	4,848	7,056
Electronic data interchange and business services	8,716	12,576	17,339	3,783	5,343
Total revenue	48,712	64,642	89,839	16,507	25,650

	For the years ended June 30,		Three months ended September 30,	
Cost of revenue:				
Systems sales [1]	6,500	6,752		