

GREENWAY MEDICAL TECHNOLOGIES INC  
Form 424B4  
February 02, 2012

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Filed Pursuant to Rule 424(b)(4)  
Registration Number 333-175619

Dated February 1, 2012

**6,666,667 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 5,388,833 of the shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional 1,277,834 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. Greenway has been authorized to list the common stock on the New York Stock Exchange under the symbol **GWAY**.

	<u>Per share</u>	<u>Total</u>
Initial public offering price	\$ 10.00	\$66,666,670
Underwriting discount	\$ 0.70	\$ 4,666,667
Proceeds, before expenses, to Greenway	\$ 9.30	\$50,116,147
Proceeds, before expenses, to the selling stockholders	\$ 9.30	\$11,883,856

The underwriters may also exercise their option to purchase up to an additional 1,000,000 shares from us at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus to cover overallocments, if any.

**Investing in our common stock involves risks. See Risk Factors beginning on page 12.**

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.

Pamlico Capital II, L.P. will purchase 666,667 shares of common stock in the offering at the initial offering price of \$10.00. Including these shares, Pamlico will own 5,284,679, or 19%, of our common stock after the offering.

This is a firm commitment underwritten offering. The underwriters expect to deliver the shares against payment in New York, New York on February 7, 2012.

**J.P. Morgan**

**Morgan Stanley**

**William Blair &  
Company**

**Piper Jaffray**

**Raymond James**

February 1, 2012

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**Through and including February 26, 2012 (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: PrimeEXCHANGE™, PrimeMOBILE™, PrimeRESEARCH™, PrimeSPEECH™, PrimeIMAGE™, PrimeDATA CLOUD™ and Smarter solutions for smarter healthcare™. 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.

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### **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 refer to 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 13 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.

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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.

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***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.

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***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 electrification, 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 13 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.

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**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 PrimeDATA CLOUD 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 12. 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.

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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**



## Edgar Filing: GREENWAY MEDICAL TECHNOLOGIES INC - Form 424B4

Immediately prior to the closing of this offering, we will become a Delaware corporation (the Reincorporation ) by way of a merger with our wholly-owned Delaware subsidiary, Greenway Medical Technologies, Inc. (the Subsidiary ), with the Subsidiary remaining as the surviving corporation with the name Greenway Medical Technologies, Inc. following the merger. The consummation of the merger is a condition to the issuance of shares in the offering. We were originally incorporated in Georgia in August 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](http://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.

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#### THE OFFERING

Common stock offered by us	5,388,833 Shares
Common stock offered by the selling stockholders	1,277,834 Shares
Common stock to be outstanding after this offering	27,846,584 Shares
Over-allotment option	1,000,000 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 5% 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) \$23.3 million 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 (excluding those holders who have elected in connection with the conversion to receive all or a portion of such payment in the form of common stock), (b) approximately \$12 million to finance the construction of new facilities to accommodate 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.
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:

278,897 shares of common stock issuable upon the exercise of warrants outstanding as of September 30, 2011 at a weighted average exercise price of \$5.29 per share;

3,027,003 shares of common stock issuable upon the exercise of stock options outstanding as of September 30, 2011 at a weighted average exercise price of \$6.75 per share;

60,899 shares of common stock available for future issuance under our equity compensation plans as of September 30, 2011; and

3,000,000 shares of common stock available for future issuance under the 2011 Stock Plan, approved by our Board of directors on November 16, 2011.

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

the Reincorporation to a Delaware corporation;

no exercise by the underwriters of their over-allotment option;

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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 5,388,833 shares of common stock in this offering.

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## **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 8,842,112 shares of common stock upon the Reincorporation merger and the closing of this offering and (2) in connection with the conversion, the mandatory cash payment of \$23.3 million payable to the holders of outstanding preferred stock and the election of certain preferred stockholders to receive 1,870,124 shares of common stock in lieu of such cash payment, and (3) our issuance and sale of 5,388,833 shares of common stock in this offering at the initial public offering price of \$10.00 per share, 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)	
<b>Statements of operations data</b>					
<b>Revenue:</b>					
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
<b>Cost of revenue:</b>					
Systems sales <sup>(1)</sup>	6,500	6,752	7,522	1,222	1,847
Training and consulting services <sup>(1)</sup>	5,708	8,152	13,550	2,910	4,431
Support services <sup>(1)</sup>	3,279	4,179	7,059	1,249	2,257
Electronic data interchange and business services <sup>(1)</sup>	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
<b>Operating expenses:</b>					
Sales, general and administrative <sup>(1)</sup>	20,370	27,727	37,399	8,597	10,678
Research and development <sup>(1)</sup>	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)
<b>Interest and other expense, net</b>	153	115	46	0	(47)
<b>Income (loss) before income taxes</b>	981	3,013	3,765	(1,875)	(596)
<b>Provision (benefit) for income taxes</b>	26	148	(29,200)	6	(190)
Net income (loss)	955	2,865	32,965	(1,881)	(406)
<b>Preferred stock dividends and accretion</b>	(9,014)	(8,038)	(54,961)	(13,232)	(9,376)
<b>Loss available to common stockholders</b>	\$ (8,059)	\$ (5,173)	\$ (21,996)	\$ (15,113)	\$ (9,782)

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	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:

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

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

<b>Cost of revenue:</b>					
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
<b>Operating expenses:</b>					
Sales, general and administrative	\$ 482	\$ 463	\$ 1,118	\$ 208	\$ 214
Research and development	11	63	154	39	664
Total operating expenses	493	526	1,272	247	878
Total stock-compensation expense	\$ 565	\$ 622	\$ 1,399	\$ 278	\$ 1,057

	As of June 30,			As of September 30, 2011	Pro forma as adjusted <sup>(1)</sup>
	2009	2010	2011	(Unaudited)	
(in thousands)					
<b>Balance sheet data:</b>					
Cash, cash equivalents, and short-term investments	\$ 9,711	\$ 19,179	\$ 16,168	\$ 13,291	\$ 37,908
Working capital	9,861	16,966	14,447	11,920	36,537
Total assets	22,210	38,604	82,156	83,172	107,789
Deferred revenue	3,717	4,320	8,672	9,041	9,041
Long-term obligations	1,904		349	311	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)	(142,030)
Total stockholders (deficit) equity	(84,539)	(79,996)	(99,484)	(108,054)	84,757

	For the years ended June 30,			Three months ended September 30,	
	2009	2010	2011	2011	2011
(Unaudited) (in thousands)					
Adjusted EBITDA <sup>(2)</sup>	\$2,029	\$4,144	\$6,385	\$ (1,444)	\$930
Net cash provided by operating activities	2,070	6,628	6,243	(376)	811
Capital expenditures	325	2,784	4,129	779	769

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- (1) Pro forma as adjusted balance sheet data reflects:
- (a) the automatic conversion of all outstanding shares of convertible preferred stock as follows:
- (i) 3,333,333 shares of Series A Convertible Preferred Stock converted into 4,210,533 shares of common stock based on application of the conversion ratio of 1.2631;
- (ii) 4,631,579 shares of Series B Convertible Preferred Stock converted into a like number of shares of common stock based on a conversion ratio of 1;
- (iii) mandatory cash payment of \$23,298,791 payable to certain holders of outstanding preferred stock based on \$4.75 per equivalent common share upon conversion; and
- (iv) fair value of 1,870,124 shares of common stock issuable pursuant to the election of certain preferred stockholders to receive common stock in lieu of the aforementioned cash payment.

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Pro forma conversion of the Series A and B Convertible Preferred Stock upon completion of this offering is reflected at fair value based on the initial offering price plus the mandatory cash payment and the fair value of common stock issued in lieu of such cash payment based on the initial offering price. Based on the foregoing, pro forma common shares issuable in connection with automatic conversion of our convertible preferred stock total 10,712,236 with aggregate fair value of \$130,421,123.

- (b) our issuance and sale of 5,388,883 shares of common stock in this offering at the initial offering price of \$10.00 per share, 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.
- (2) Adjusted EBITDA 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.

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.

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.

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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)	
<b>Reconciliation of net income (loss) to Adjusted EBITDA:</b>					
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	173	460
Interest (income) expense, net	77	77	(31)	(20)	9
Provision (benefit) for income taxes	26	148	(29,200)	6	(190)
<b>Adjusted EBITDA</b>	<b>\$2,029</b>	<b>\$4,144</b>	<b>\$ 6,385</b>	<b>\$(1,444)</b>	<b>\$ 930</b>

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### 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