GLOBAL MED TECHNOLOGIES INC
Form S-1
March 16, 2005

As Filed With The Securities and Exchange Commission On March 16, 2005

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

GLOBAL MED TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Colorado	**8741**	**84-1116894**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

12600 West Colfax, Suite C-420
Lakewood, Colorado 80215
Telephone (303) 238-2000
(Address, including zip code, and telephone number, including area code,
of registrant s principal executive offices)

Copies to:

Michael I. Ruxin, M.D	Clayton E. Parker, Esq.
Chairman of the Board and Chief Executive Officer	Ronald S. Haligman, Esq.
Global Med Technologies, Inc.	Kirkpatrick & Lockhart LLP
12600 West Colfax, Suite C-420	201 South Biscayne Boulevard, Suite 2000
Lakewood, Colorado 80215	Miami, Florida 33131
Telephone No.: (303) 238-2000	Telephone No.: (305) 539-3300
Telecopier No.: (303) 238-3368	Telecopier No.: (305) 358-7095

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

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

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 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 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, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee(2)
Common stock, par value $0.01 per share	50,724,329(2)	$ 2.23	$113,115,253.67	$13,313.67
TOTAL	50,724,329(2)	$ 2.23	$113,115,253.67	$13,313.67

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For the purposes of this table, we have used the average of the closing bid and asked prices as of March 14, 2005.

(2) Of these shares, 10,486,815 shares are being registered under the Common Stock Purchase Agreement, 7,777,000 shares are being registered upon conversion of preferred stock, 13,289,730 shares are being registered upon exercise of warrants, and 19,170,784 are being registered for other selling stockholders.

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.

Subject to Completion, Dated March 16, 2005

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sales is not permitted.

PROSPECTUS

GLOBAL MED TECHNOLOGIES, INC.

50,724,329 Shares of Common Stock

Selling stockholders are offering for sale up to 50,724,329 shares of our common stock. Eleven Million Twenty Three Thousand and Six Hundred and Thirty-One (11,023,631) shares of our common stock are being offered hereby by Fusion Capital Fund II, LLC. Thirty-nine million seven hundred thousand six hundred and ninety eight (39,700,698) shares of our common stock are being offered by other selling stockholders of Global Med Technologies, Inc (Global Med or the Company).

The prices at which such stockholders may sell the shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive proceeds from the sale of our shares by any of the selling stockholders.

Our common stock is quoted on the Nasdaq Over-The-Counter Bulletin Board under the symbol GLOB. On March14, 2005, the average of the bid and asked sale prices for the common stock as reported was $2.26 per share.

Investing in the securities involves a high degree of risk. See Risk Factors beginning on page 3. You should carefully consider the risk factors, as well as the other information presented in this prospectus, in deciding whether or not to invest in our common stock. Each of the factors could adversely affect the price of our common stock, our business, financial condition and results of operations, and could result in a loss of all or part of your investment.

Fusion Capital, a selling stockholder, is an underwriter within the meaning of the Securities Act of 1933, as amended.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 16, 2005

TABLE OF CONTENTS

We intend to distribute to our shareholders annual reports containing audited financial statements. Our audited financial statements for the fiscal year December 31, 2004, were contained in our Annual Report on Form 10-K.

PROSPECTUS SUMMARY

Business

Global Med Technologies, Inc. (Global Med or the Company) provides information management software products and services to the health care industry. Wyndgate operates as a division of Global Med and designs, develops, markets and supports information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities. Our PeopleMed subsidiary offers chronic disease management as an Application Service Provider (ASP). PeopleMed s system uses the internet to coordinate sources and users of a patient s clinical information, including laboratory, pharmacy, primary and specialty care providers, claims and medical records. PeopleMed earns revenues primarily by providing ongoing ASP services. PeopleMed s revenues were not significant during the three or twelve months ended December 31, 2004.

Global Med has two main products in its Wyndgate division: SafeTrace® and SafeTrace Tx®. SafeTrace is used by blood centers and hospitals to track blood donations. SafeTrace Tx is used primarily by hospitals and centralized transfusion centers to help insure the quality of blood transfused into patient-recipients. Both products are designed to help the users comply with quality and safety standards of the U.S. Food and Drug Administration for the collection and management of blood and blood products. Our Wyndgate division earns revenues primarily through the sale of software licenses, implementation of the software systems sold, and by providing maintenance for the SafeTrace and SafeTrace Tx software systems. During the three months ended December 31, 2004 and 2003, Wyndgate s revenues represented 98% and 96%, respectively, of Global Med s total revenues. During the years ended December 31, 2004 and 2003, Wyndgate s revenues represented 97% and 93%, respectively, of Global Med s total revenues. During these periods, PeopleMed s revenues represented the remainder.

The decision to purchase a new blood bank system is driven in large part by one or all of the following: replacing antiquated technology, upgrading the laboratory information system (LIS) of the hospital which typically includes the purchase of a blood bank system, and replacing existing products that have been sunsetted. We believe that because the purchase of an LIS by a hospital is a significant driver in the decision to purchase a blood bank system, Global Med is heavily reliant on its relationships with its channel partners that sell their LIS systems in combination with Global Med s blood bank products. The Company s channel partner relationships are more fully discussed in the BUSINESS section Royalty and Commission Agreements.

Entities that plan to purchase blood bank products primarily have two choices:

- o Upgrade their current system with their existing vendor, or
- o Select a replacement system from an alternative vendor.

Global Med s two primary locations are in Lakewood, Colorado, the corporate headquarters, and El Dorado Hills, California, our primary operations, which include research and development, implementation staff, support services, and certain administrative staff. Approximately 20% of our employees are not located in Lakewood, Colorado or El Dorado Hills, California. These employees provide support for Global Med s sales and marketing, research and development, and implementation efforts.

Management of Global Med is focused on increasing its revenues and cash flows through direct sales efforts, increasing its marketing footprint through adding additional channel partners and strategic alliances, and developing new products and enhanced functionality to its existing product mix to attract potential customers.

The Offering

On March 16, 2005, we entered into a common stock purchase agreement (the Common Stock Purchase Agreement) with Fusion Capital Fund II, LLC, pursuant to which Fusion Capital has agreed to purchase, on each trading day, $12,500 of our common stock up to an aggregate, under certain conditions, of $8.0 million. At our discretion, we may elect to sell more of our common stock to Fusion Capital than the minimum daily amount. Fusion Capital, one of the selling stockholders under this prospectus, is offering for sale up to 11,023,631 shares of our common stock. As of March 4, 2005, there were 27,672,056 shares outstanding, including 486,816 shares that we have issued to Fusion Capital as compensation for its purchase commitment and 50 thousand shares we issued to Fusion Capital as reimbursement for expenses in connection with the transaction. Up to 39,700,698 shares of our common stock are being offered by other selling stockholders of the Company.

The 50,724,329 shares offered by this Prospectus represents approximately 85.6% of our total outstanding common stock as of March 16, 2005. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares sold by the Company to Fusion Capital under the Common Stock Purchase Agreement.

RISK FACTORS

You should carefully consider the risks described below before purchasing our common stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. If any of the following risks actually occur, our business, financial condition, or results or operations could be materially adversely affected, the trading of our common stock could decline, and you may lose all or part of your investment therein. You should acquire shares of our common stock only if you can afford to lose your entire investment.

We Have Significant Operating Losses, A Net Working Capital Deficit And Cumulative Net Losses; We May Not Be Able To Generate Sufficient Revenues To Operate Profitably In The Future Or To Pay Our Debts And Liabilities As They Become Due

For the fiscal years ended December 31, 2004, 2003, and 2002, we incurred a net loss of approximately $766 thousand, $878 thousand, and $705 thousand respectively. For the three months ended December 31, 2004, the Company had net income of $153 thousand. For the fiscal year ended December 31, 2004 we incurred a net loss from operations of $582 thousand. For the fiscal year ended December 31, 2003, we incurred a loss from operations of $303 thousand. For the fiscal year ended December 31, 2002, we had income from operations of approximately $16 thousand. As of December 31, 2004, and December 31, 2003 we had a net working capital deficit of approximately $1.452 million and $1.574 million respectively, and an accumulated deficit of approximately $40.967 million and $39.722 million respectively. Therefore, we may not be able to generate sufficient revenues to operate profitably in the future or to pay our debts and liabilities as they become due and may be forced to curtail or cease our business operations.

We May Not Achieve Profitability Or Positive Cash Flows Operations And May Be Required To Reduce Our Software Development Programs And Operating Expenses

We may generate positive cash flows from operations and negative cash flows from investing activities through 2005 on an annual basis and possibly thereafter, but we may not achieve profitability during this time. Additional external funding may be required in order for us to pay off our outstanding debt and the redeemable preferred stock when it becomes due or redeemable at the holder s option, respectively, on March 1, 2006. In addition, our Series AA Preferred Stock requires significant dividend payments in 2005 that could require us to obtain additional financing. In the event we are unable to acquire additional external financing, we could be required to substantially reduce our software development programs and/or substantially reduce our other operating expenses.

We Have Experienced Significant Revenue Fluctuations

We have experienced revenue fluctuations from our SafeTrace and SafeTrace Tx products. SafeTrace and SafeTrace Tx license fees have historically been recognized as revenue upon delivery of the software if no significant vendor obligations exist as of the delivery date. Therefore, revenue fluctuations are affected by delays of the delivery service and customer delayed delivery requests. Revenue fluctuations could also be affected by the decision on whether or not to recognize revenues based upon the length of time the licensees take to implement SafeTrace and SafeTrace Tx. The typical implementation cycle of Wyndgate s software products currently is taking approximately 12-15 months. Implementation cycles are dependent on various items, including the blood center s size and the complexity of the blood center s standard operating procedures. Further, special development projects required by customers, concurrent with the licensing of our software products, and other significant obligations, could result in revenue recognition delays. Additionally, the development and marketing of new software products may cause difficulties in accurately anticipating implementation and development schedules, future revenues, expenses, financial condition and net cash flows. In the event we experience any of these difficulties, we could be forced to curtail or cease our business operations.

The Sale Of Our Common Stock To Fusion Capital May Cause Dilution And The Sale Of The Shares Of Common Stock Acquired By Fusion Capital Could Cause The Price Of Our Common Stock To Decline

The purchase price for the common stock to be issued to Fusion Capital pursuant to the Common Stock Purchase Agreement will fluctuate based on the price of our common stock. All shares issued to Fusion Capital will be freely tradable.Fusion Capital may sell some or all of the shares purchased from us at any time. The common shares sold to Fusion Capital could be sold over a period of up to 32 months from the date of the Common Stock Purchase Agreement. Depending upon market liquidity at the time, a sale of shares by Fusion Capital at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock by Fusion Capital, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

We May Require Additional Financing To Sustain Our Operations And Without It We May Not Be Able To Continue Operations

At December 31, 2004, we had a working capital deficit of approximately $1.452 million. For the three months ended December 31, 2004, we had positive cash flows from operations of $492 thousand. For the years ended December 31, 2004, 2003 and 2002, our operations provided operating cash of $256 thousand, $24 thousand, and $547 thousand, respectively. The Company believes that it s current customer base and projected backlog of business as well as sales to new customers will be sufficient to fund operations, and we likely will generate positive cash flows from operations and negative cash flows from investing activities through 2005 on an annual basis and possibly thereafter, but we may not achieve profitability during this period or anytime in the foreseeable future, if ever. The Company s cash flows from operations have funded the operations of the Company since 2001 and we expect to be able to fund operating activities in the near term, additional external funding may be required in order for the Company to pay off its outstanding debt and the redeemable preferred stock when it becomes due or redeemable at the holder s option, respectively, on March 1, 2006. In addition, the Company s Series AA Preferred Stock requires significant dividend payments in 2005 that could require the Company to obtain additional financing. In the event we are unable to require additional external financing, we could be required to substantially reduce our software development programs and/or substantially reduce our other operating expenses.

We have the right to receive $12,500 per trading day under the Common Stock Purchase Agreement unless our stock price equals or exceeds $0.85, in which case the daily amount may be increased under certain conditions as the price of our common stock increases. Fusion Capital will not have the right nor the obligation to purchase any shares of common stock on any trading days that the market price of the common stock is less than $0.20 per common share. The selling price of our common stock to Fusion Capital will have to average at least $0.80 per share for us to receive the maximum proceeds of $8 million without registering additional shares of common stock in a new registration statement. Assuming a purchase price of $2.26 per share (the closing sale price of the common stock on March 4, 2005), we would sell 3,529,823 shares of common stock to Fusion Capital in order to obtain the full $8 million. The extent to which we rely on Fusion Capital as a source of funding will depend on a number of factors including, the prevailing market price of our common stock and the extent to which we are able to secure working capital from other sources. If obtaining sufficient financing from Fusion Capital were to prove prohibitively expensive and if we are unable to commercialize and sell the products or technologies of our subsidiaries, we will need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the funds available under the Common Stock Purchase Agreement, we may still need additional capital to fully implement our business and operating plans. Additional financing could be prohibitively expensive due to the possibility of reduced investor confidence generally in the financial markets and in technology companies. Should the financing we require to sustain our working capital needs be unavailable, or prohibitively expensive when we require it, we would be forced to curtail or cease our business operations.

Existing Shareholders Will Experience Significant Dilution From Our Sale Of Shares Under The Common StockPurchase Agreement With Fusion Capital And Any Other Equity Financing

The sale of shares pursuant to our agreement with Fusion Capital or any other future equity financing transaction will have a dilutive impact on our stockholders. As a result, our net income or loss per share could decrease in future periods, and the market price of our common stock could decline. In addition, the lower our stock price is, the more shares of common stock we will have to issue under the Common Stock Purchase Agreement with Fusion Capital in order to draw down the full amount. If our stock price is lower, then our existing stockholders would experience greater dilution. We cannot predict the actual number of shares of common stock that will be issued pursuant to the agreement with Fusion Capital or any other future equity financing transaction, in part, because the purchase price of the shares will fluctuate based on prevailing market conditions and we do not know the exact amount of funds we will need.

Our Business And Our Software Products Are Subject To Substantial Competition

There is substantial competition in all aspects of the blood bank and hospital information management industry. Numerous companies are developing technologies and marketing products and services in the healthcare information management area. Many competitors in the blood bank industry have received FDA clearance for their products. Many of these competitors have been in business longer and have substantially greater personnel and financial resources than Global Med. Global Med is aware of three primary competitors to our SafeTrace software product: Mak-System Corp.; Blood Bank Computer Systems, Inc. and Mediware Information Systems, Inc. There are five primary competitors in the United States to our SafeTrace Tx product: Misys Hospital Systems, Inc. (Misys is a channel partner that currently resells the Company s SafeTrace software); Mediware Information Systems, Inc.; Meditech, Inc., SCC Soft Computer; and Cerner Corp. Global Med believes it is able to compete based on the current technological capabilities of SafeTrace and SafeTrace Tx.

If We Are Unable To Acquire Or Maintain A Technological Advantage, Or If We Fail To Stay Current And Evolve In The Applications Software And Information Management Fields, We May Not Be Successful

The market for applications software is characterized by rapidly changing technology and by changes from mainframe to client/server computer technology, including frequent new product introductions and technological enhancements in the applications software business. During the last ten years, the use of computer technology in the information management industry has expanded significantly to create intense competition. With rapidly expanding technology and our limited resources, we can provide no assurance that we will be able to acquire or maintain any technological advantage. Our success will be in large part dependent on our ability to use developing technology to our maximum advantage and to remain competitive in price and product performance. If we are unable to acquire or maintain a technological advantage, or if we fail to stay current and evolve in the applications software and information management fields, we may be forced to curtail or cease our business operations.

We Are Dependent On The Development Of New Business

To execute our plan of operations, which includes the generation of increased revenues, we must expand our operations significantly beyond our historical operations to other markets that require similar management information services. However, we may not be able to successfully expand our business operations. Our current activities in the blood bank industry do not assure future business expansion, profitability or long-term and sustainable success. In the event we fail to successfully implement our business plan, we could be forced to curtail or cease our business operations.

Our Success Depends In Part On Our Ability To Obtain And Enforce Intellectual Property Rights And Licenses For Our Technology And Software

Our success depends in part on our ability to obtain and enforce intellectual property rights for our technology and software, both in the United States and in other countries. Our proprietary software is protected by the use of copyrights, trademarks, confidentiality agreements and license agreements that restrict the unauthorized distribution of our proprietary data and limit our software products to the customer s internal use only. In addition, our SafeTrace Tx product has three patents pending. While we have attempted to limit unauthorized use of our software products or the dissemination of our proprietary information, we may not be able to retain our proprietary software rights and prohibit the unauthorized use of proprietary information. Any patents, copyrights, or trademarks we have or may obtain may not be sufficiently broad to protect our products, may be subject to challenge, invalidated or circumvented and may not provide competitive advantages. In addition, our competitors may independently develop technologies or products that are substantially equivalent or superior. If our software products infringe upon the rights of others, we may be subject to suit for damages or an injunction to cease the use of such products. Our industry is characterized by frequent intellectual property litigation based on allegations of infringement of intellectual property rights. Although we are not aware of any intellectual property claims against us, we may be a party to litigation in the future.

Our success will also depend in part on our ability to develop commercially viable products without infringing the proprietary rights of others. We have not conducted freedom of use patent searches and patents may exist or could be filed which would have an adverse effect on our ability to market our products or maintain our competition position with respect to our products.

We Are Subject To Potential Under-Capitalization And Limitations With Respect To Personnel, Financial And Other Resources, And May Encounter Difficulty Licensing SafeTrace or SafeTrace Tx To A Sufficient Number Of Additional Customers Necessary To Achieve Profitability. In Addition, We May Encounter Difficulty Developing And Licensing New Products

Although we have been in existence since 1989, we are subject to potential under-capitalization, limitations with respect to personnel, financial and other resources, and have limited customers and revenues. We had positive cash flows from operations for the years ended December 31, 2004, 2003 and 2002. Although we believe that we will be able to fund our operations internally for the near term, in the event we encounter difficulty attracting new customers for our licensed products, our operations may not be able to fund the development of new products, or our current level of operations. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the development and marketing of new software products and related services. In the event we are unable to fund our operations or the development of new products, we could be forced to curtail or cease our business operations.

We May Have Difficulties Managing Our Business In The Event Of Rapid Growth That Could Materially Adversely Affect Our Business, Financial Condition And Results Of Operations

Our future success will depend to a significant extent on the ability of our current and future management personnel to operate effectively, both independently and as a group. In order to compete successfully against current and future competitors, to timely complete research and development projects and to develop future products, we must continue to expand our operations, particularly in the areas of research and development, sales and marketing and training. If we experience significant growth in the future, such growth would likely place significant strain upon our management, operating and financial systems and other resources. To accommodate such growth and compete effectively, we must continue to implement and improve our information systems, procedures and controls, and to expand, train, motivate and manage our work force. Any failure to implement and improve our operational, financial and management systems or to expand, train, motivate or manage our work force could materially and adversely affect our business, financial condition and results of operations, which could force us to curtail or cease our business operations.

We May Experience A Change In Our Board of Directors

Pursuant to our various financing agreements with Global Med International Limited (GMIL) and its affiliates, China Credit Holdings Limited (China Credit), formerly Heng Fung, has appointed the following five directors to our Board of Directors: Fai H. Chan, Robert L. Trapp, Kwok Jen Fong, Gary L. Cook, and Tony T.W. Chan. In addition, pursuant to these financing agreements, certain members of our Board of Directors were required to execute and deliver resignation letters to China Credit, which letters are being held in escrow pending any default under the terms of the financing agreements.

Failure To Comply With Governmental Regulations And Requirements Could Preclude Us From Continuing To Market Our Existing Products Or Introducing New Products On A Commercial Basis And Materially Adversely Affect Our Business, Financial Condition And Results Of Operations

Our SafeTrace and SafeTrace Tx products and services are subject to regulations adopted by governmental authorities, including the Food and Drug Administration, which govern blood center computer software products regulated as medical devices. Compliance with government regulations can be burdensome and may result in our incurring product development delays and substantial costs. In addition, modifications to such regulations could materially adversely affect the timing and cost of new products and services we introduce. We cannot predict the effect of possible future legislation and regulation. We also are required to follow applicable Good Manufacturing Practices regulations of the FDA, which include testing, control and documentation requirements, as well as similar requirements in other countries, including International Standards Organization 9001 standards. Failure to comply with applicable regulatory requirements could result in, among other things, operating and marketing restrictions and fines, and could force us to curtail or cease our business operations.

We Have Limited Sales, Marketing And Distribution Systems

We currently market SafeTrace and SafeTrace Tx through a small direct sales force, both in the U.S. and internationally. We have entered into various strategic business alliances to assist us in national and international sales, marketing and distribution. However, there can be no assurance that any business alliance will be successful or will continue. Our business strategy for marketing and selling our products and services is two tiered:

- The first tier is comprised of direct selling to customers through Global Med s internal sales force, and
- The second tier is focused on marketing and selling indirectly through channel partner agreements with companies that are established in blood donor and hospital markets.

These strategic alliances that are facilitated through the channel partner agreements assist us in selling our products nationally and may assist us in selling our products internationally. Our ability to increase future revenues is highly dependent upon these strategic alliances, and our ability to make further inroads in selling our products directly to potential customers. In addition, our success is dependent upon the ability of our marketing partners to sell their complementary products in conjunction with Global Med s products. In the event we fail to maintain and further develop our strategic alliances, we could be forced to curtail or cease our business operations.

We May Lose Software Licenses If We Fail To Meet Maintenance Service Requirements

Our current software license agreements are typically a perpetual term. In addition to the software license, customers can obtain software maintenance for a separate fee. These maintenance agreements range in term from single year to multi-year agreements. Maintenance consists of product bug fixes, continued regulatory compliance, and product updates. During the years ended December 31, 2002, 2003, and 2004, recurring maintenance fees represented a significant portion of the Company s total revenues for the year. However, if we fail to able to continue to meet these maintenance commitments, a significant portion of our revenues could be at risk and we could be forced to curtail or cease our business operations.

We May Have Product Liability And Reporting Liability Exposure

We have product liability exposure for defects in our products that may become apparent through widespread use of our products. To date, we have not had any claims filed against us involving our products and we are not aware of any material problems with them. While we will continue to attempt to take appropriate precautions, we may not be able to completely avoid product liability exposure. We maintain product liability insurance on a claims made basis for our products in the aggregate of at least $4 million. Although we have had a history of being able to obtain such coverage at reasonable prices, such coverage may not be available in the future, or at reasonable prices, or in amounts adequate to cover any product liabilities that we may incur.

Our Common Stock Is Deemed To Be "Penny Stock," Subject To Special Requirements And Conditions, And May Not Be A Suitable Investment

Our common stock is deemed to be penny stock as that term is defined in Rule 3a51-1 promulgated under the Securities Exchange Act of 1934. Penny stocks are stocks:

- o With a price of less than $5.00 per share;
- o That are not traded on a recognized national exchange;
- o Whose prices are not quoted on the Nasdaq automated quotation system (Nasdaq listed stock must still have a price of not less than $5.00 per share); or
- o In issuers with net tangible assets less than $2.0 million (if the issuer has been in continuous operation for at least three years) or $5.0 million (if in continuous operation for less than three years), or with average revenues of less than $6.0 million for the last three years.

Broker/dealers dealing in penny stocks are required to provide potential investors with a document disclosing the risks of penny stocks. Moreover, broker/dealers are required to determine whether an investment in a penny stock is a suitable investment for a prospective investor. These requirements may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to resell shares to third parties or to otherwise dispose of them. This could cause our stock price to decline.

We Rely On Management, The Loss Of Whose Services Could Have A Material Adverse Effect Upon Our Business

We rely principally upon the services of our Board of Directors, senior executive management, and certain key employees, the loss of whose services could have a material adverse effect upon our business and prospects. Competition for appropriately qualified personnel is intense. Our ability to attract and retain highly qualified senior management and technical research and development personnel are believed to be an important element of our future success. Our failure to attract and retain such personnel may, among other things, limit the rate at which we can expand operations and achieve profitability. There can be no assurance that we will be able to attract and retain senior management and key employees having competency in those substantive areas deemed important to the successful implementation of our plans and the inability to do so or any difficulties encountered by management in establishing effective working relationships among them may adversely affect our business and prospects. Currently, we do not carry key person life insurance for any of our directors, executive management, or key employees.

Our Officers And Directors Are Able To Substantially Influence All Matters Requiring Approval By OurShareholders, Including The Election Of Directors

As of February 28, 2005, our officers and directors beneficially own approximately 48.1% of our outstanding common stock, in addition, certain directors through their affiliation with our majority shareholder, GMIL, control 3.5 million shares of Series AA Preferred Stock with one voting right per share. The Series AA Preferred Stock shares are required to vote together and not as separate classes on any matter submitted to the shareholders or required to be submitted. With the addition of the Series AA Preferred Stock shares, the directors and officers beneficially control 53.9% of the voting shares of Global Med and are able to substantially influence all matters requiring approval by our shareholders, including the election of directors. Our Articles of Incorporation do not provide for cumulative voting in the election of directors and, therefore, although they are able to vote, our other shareholders should not expect to be able to elect any directors to our Board of Directors.

If Our Majority Shareholder And Its Affiliates Convert Or Exercise Their Derivative Securities To Or For Shares Of Our Common Stock, The Ownership Of Our Present Shareholders Could Be Significantly Diluted

Our majority shareholder, GMIL, and its affiliates currently own approximately 11.2 million shares of our common stock and derivative securities convertible or exercisable for another 20 million shares of our common stock, all of which shares of common stock are being registered in the accompanying registration statement. If GMIL and its affiliates convert or exercise their derivative securities to or for shares of our common stock, the ownership of our present shareholders could be significantly diluted.

The Existence Of Severance Payment Provisions And The Large Number Of Common Shares And Derivative Securities Outstanding Could Have The Effect Of Delaying, Deferring, Preventing Or Limiting The Price Paid To Shareholders In A Change In Control

We have employment agreements with certain of our officers and employees which provide for payment of salaries, benefits and incentives for periods ranging from three (3) to twenty-four (24) months, or the remainder of their employment contract, whichever is less. At current salary levels, the total amounts payable under these employment contracts for salary payments to them over their severance payment period could be up to $1.3 million and in addition, we could be required to make benefits payments of approximately $162 thousand at their current benefit levels if we terminate their employment for any reason, other than for cause or disability. In addition, GMIL and its affiliates currently own approximately 11.2 million shares of our common stock and derivative securities convertible or exercisable for another 20 million shares of our common stock. The existence of the severance payment provisions and the large number of common shares and derivative securities outstanding owned by GMIL increases the likelihood that a potential purchaser would seek to negotiate directly with our Board of Directors or GMIL, in order to obtain control, rather than approaching our shareholders as a group. All of the foregoing could have the effect of delaying, deferring, preventing or limiting the price paid to shareholders in a change in control.

Our Issuance Of Additional Shares Of Stock May Cause Dilution To The Ownership Of Our Shareholders And Could Discourage, Delay, Prevent Or Limit The Price Paid To Shareholders In A Change In Control

We have a total of 90 million shares of common stock and 10 million shares of preferred stock authorized for future issuance under our Articles of Incorporation. As of March 4, 2005, we had 27,672,056 shares of our common stock outstanding.

We have approximately 21,066,730 shares of our common stock reserved for issuance upon the conversion or exercise of outstanding derivative securities which include the Series AA Preferred Stock and warrants. There are approximately 9,129,442 securities common shares reserved for issuance related to outstanding stock options. In addition, there are approximately 8.058 million common shares reserved for issuance under our stock option and stock compensation plans related to options and stock compensation shares that have not been granted or issued, respectively. In addition, we have entered into a Common Stock Purchase whereby Fusion Capital has agreed to purchase, on each trading day, $12.5 thousand of our common stock up to an aggregate of $8 million under certain conditions. The purchase price for the common stock to be issued to Fusion Capital pursuant to the Common Stock Purchase Agreement will fluctuate based on the price of our common stock. The conversion or exercise of these outstanding derivative securities, and the sale of our common stock to Fusion Capital, will cause dilution to the ownership of our shareholders.

The remaining shares of our common and preferred stock not issued or reserved for specific purposes may be issued without any action or approval of our shareholders. Our Board of Directors may issue additional shares of preferred stock without shareholder approval on such terms as the Board may determine. The rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. Although we have no existing agreements involving the issuance of such shares, we may undertake to issue such shares if we deem it appropriate. Any such issuances could discourage, delay, prevent or limit the price paid to shareholders in a change in control, and could dilute the ownership of our shareholders.

The Market Price Of Our Common Stock Is Highly Volatile

The market price of our common stock has been and is expected to continue to be highly volatile. Factors, including announcements of technological innovations by us or other companies, regulatory matters, new or existing products or procedures, concerns about our financial position, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights, among other items, may have a significant impact on the market price of our stock.

The Selling Security Holders Sale Of The Shares Of Commons Stock In This Offering Could Cause The Price Of Our Common Stock To Decline And Could Make It More Difficult For Us To Sell Equity Or Equity Related Securities In The Future

The potential dilutive effects of future sales of shares of common stock and shares of common stock underlying preferred stock and warrants by selling security holders pursuant to this prospectus could have an adverse effect on the prices of our securities. All shares in this offering are freely tradable. The selling security holders may sell none, some or all of their shares of common stock in this offering. Depending upon market liquidity at the time, a sale of shares under this offering at any given time could cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock under this offering, or anticipation of such sales, also could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

We Do Not Anticipate Paying Any Dividends On Our Common Stock

We do not anticipate paying any cash dividends on our common stock for the foreseeable future. We expect that future earnings, if any, will be used to finance growth and pay dividends on our Series AA Preferred Stock, and retiring our Series AA Preferred Stock and paying off our outstanding debt.

FORWARD-LOOKING STATEMENTS

Such forward-looking statements include statements regarding, among other things, (a) our projected sales, profitability, and cash flows (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans and (e) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words may, will, should, expect, anticipate, estimate, believe, intend, or project or the negative of these words or other these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under Management s Discussion and Analysis of Financial Condition and Results of Operations and Business, as well as in this prospectus generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under Risk Factors and matters described in this prospectus generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this filing will in fact occur. In addition to the information expressly required to be included in this filing, we will provide such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading.

MARKET FOR OUR COMMON STOCK

Our common stock trades on the Over-the-Counter Bulletin Board under the trading symbol GLOB. Our high and low bid prices by quarter during fiscal years 2004, 2003 and 2002 are presented as follows:

	FISCAL YEAR 2004	
	HIGH	LOW
First Quarter (January 2004 to March 2004)	$ 0.70	$ 0.34
Second Quarter (April 2004 to June 2004)	$ 0.64	$ 0.44
Third Quarter (July 2004 to September 2004)	$ 0.78	$ 0.38
Fourth Quarter (October 2004 to December 2004)	$ 1.30	$ 0.46

FISCAL YEAR 2004

	FISCAL YEAR 2003	
	HIGH	LOW
First Quarter (January 2003 to March 2003)	$ 0.68	$ 0.45
Second Quarter (April 2003 to June 2003)	$ 0.55	$ 0.27
Third Quarter (July 2003 to September 2003)	$ 0.50	$ 0.33
Fourth Quarter (October 2003 to December 2003)	$ 0.80	$ 0.34

	FISCAL YEAR 2002	
	HIGH	LOW
First Quarter (January 2002 to March 2002)	$ 1.31	$ 0.62
Second Quarter (April 2002 to June 2002)	$ 1.06	$ 0.55
Third Quarter (July 2002 to September 2002)	$ 0.70	$ 0.45
Fourth Quarter (October 2002 to December 2002)	$ 0.63	$ 0.37

On March 4, 2005, the closing price of our common stock as reported on the Over-the-Counter Bulletin Board was $2.26 per share. On March 4, 2005, we had approximately 154 beneficial stockholders of our common stock and 27,672,056 shares of our common stock outstanding.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following summary statement of operations and summary balance sheet data are derived from our consolidated financial statements for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 that were filed with the Securities and Exchange Commission (SEC) on our Annual Reports on Form 10-K or Form 10-KSB as applicable. This information should be read in conjunction with the audited consolidated financial statements and the related notes.

	Year Ended December 31				
	2004	2003	2002	2001	2000
Revenues	$ 6,884	$ 6,514	$ 6,627	$ 6,224	$ 4,379
Cost of revenues	2,437	2,272	2,140	1,913	966

	Year Ended December 31				
Gross profit	4,447	4,242	4,487	4,311	3,413
OPERATING EXPENSES:					
General and administrative	2,434	2,057	1,945	2,529	2,766
Sales and marketing	1,597	1,442	1,426	1,545	1,417
Research and development	838	595	465	306	709
Depreciation and software amortization	160	451	635	851	827
Total operating expenses	5,029	4,545	4,471	5,231	5,719
Income (loss) from operations	(582)	(303)	16	(920)	(2,306)
OTHER INCOME (EXPENSES):					
Interest income	51	86	15	25	16
Interest expense	(6)	(2)	(9)	(25)	(41)
Interest expense to related party	(229)	(532)	(472)	(453)	(577)
Financing costs to related party	--	(127)	(255)	(317)	(1,984)
Loss before income taxes	$ (766)	$ (878)	$ (705)	$(1,690)	$(4,892)
Provision for income taxes	--	--	--	--	--
Net Loss	$ (766)	$ (878)	$ (705)	$(1,690)	$(4,892)
Preferred dividend, related party	(479)	--	--	--	--
Net loss attributable to common shareholders	$(1,245)	$ (878)	$ (705)	$(1,690)	$(4,892)