

Silent partners are still investing in great practices

Chip Fichtner offers a plan to help practices grow more profitably

Invisible Dental Support Organizations (IDSO) purchase part, but not all, of a practice for cash now, even during COVID-19. Doctors retain ownership and continue to lead their practice under the doctor's brand, team, and strategy for years or decades. Today, more than ever, a silent partner's resources and support can help practices grow bigger, better, faster, and more profitably.

IDSOs are not a new concept. Some have operated for decades with IDSO ownership in thousands of practices in all 50 states. The bedrock of the IDSO business model is that practices operated by owner-doctors perform better than those with employee-doctors. There are now well over 100 IDSOs operating in the United States with practices of all sizes and specialties. The DSOs in general are growing at a 15% rate, and it is estimated that over half of all 2021 dental school graduates will work for a DSO.

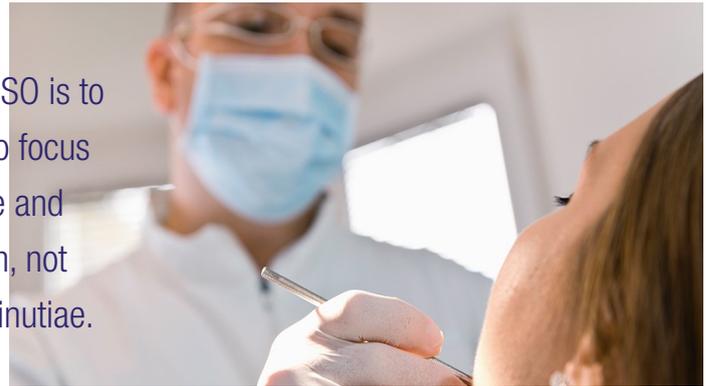
The benefit to doctors of an IDSO partner include the opportunity to monetize part of their life's work for cash now at favorable tax rates, while continuing to operate their practice for the medium- or long-term future. When doctors are ready to retire, they have a known buyer for their retained ownership position at the value of the practice in the future. The mutual goal of doctors and their silent partner is to increase the performance and value of the practice over time using the IDSO support.

IDSO support and resources are customized for the doctor's and the practice's needs and goals. Every IDSO is different in its available resources.



Chip Fichtner, is the founder of Large Practice Sales, which specializes in the transactions of Invisible Dental Service Organizations (IDSOs) for all practices. The company has completed more than \$100 million of transactions in the past 6 months. After careers at Merrill Lynch and Bear Stearns, he began buying and selling businesses of all types for his own portfolio. Mr. Fichtner has been the Chairman and/or CEO of multiple publicly traded companies and has presented at conferences on investing and marketing from Hong Kong to Monaco. Learn more at www.findmyimplantidso.com

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Common IDSO support categories

- Capital for acquisitions and expansion
- Significant purchasing discounts, especially on implants
- Professional marketing
- Payor reimbursement rate leverage
- Higher quality team benefits at lower costs
- Potential synergies with other partner practices in the same geography
- Expertise in compliance, credentialing, and HR administration/recruiting

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Every IDSO transaction is customized for the doctor

Every IDSO partnership is customized to meet the doctor's personal and business goals. In multi-doctor practices, time commitment and purchase consideration can differ for each doctor. There are no mandates to take particular insurance payors and no requirements for longer hours or more chair time.

Doctors receive compensation for practicing based upon market rates, typically a percentage of collections, and have access to full benefits and retirement plans. Doctors who retain ownership at the practice level also receive their percentage of the practice profits, typically paid quarterly. Doctors may also choose equity in their IDSO partner, which could provide significant upside gains in value. Many doctors have made far more

from their retained equity than the initial 100% value of their practice.

Younger doctors seeking IDSO partnership

Interestingly, in hundreds of millions of dollars of transactions over the past 3 years, the average age of the doctors has declined to under 50. Younger doctors are grasping the value of a strong partner to accelerate growth and thus potentially make their retained minority ownership far more valuable than their 100% ownership today.

In the COVID-19 era, many doctors are finding that growth can be achieved using their IDSO partner's capital and management support to acquire competitive and complementary practices in their area at bargain prices.

Many doctors over the age of 60 have already secured their financial futures and have no desire to adapt to new COVID-19 era practice rules. They are also concerned about their own personal safety. These doctors are seeking a safe landing spot for their patient base. We have seen multiple transactions recently in which doctors have acquired entire practices in return for taking over lease obligations.

COVID-19 is providing opportunity

The COVID-19 era has changed the operation and growth of dental practices forever. Some doctors will survive, and some will thrive. Given the potential tax increases in 2021, it is a great time to confidentially go through the free process to understand the potential value of your practice today to an IDSO partner. Many doctors are surprised. **IP**