

## **Silent Partners Invest in Great Practices of all Specialties** ***Cash Now, More Wealth Later***

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### **Dental Practice Consolidation is Accelerating**

Doctors of all ages and specialties are discovering why and how to monetize a PART of their life's work and retain ownership for far greater wealth later. Invisible Dental Support Organizations (IDSO) purchase between 51% and 90% of great practices for **cash now**, at today's long-term capital gains tax rates. Doctors retain ownership of a part of their practice, or their new partner, and continue to lead their practice under the doctor's brand, team and strategy for years or decades into the future.

LPS, is by far the most successful advisor to larger practices in the U.S. In the last 18 months, LPS has completed over \$500 million in transactions from Honolulu to Boston for doctors of all specialties, even with COVID. In a confidential, no cost and no obligation process, LPS can quickly determine the value of your practice in an IDSO partnership. You have nothing to lose and in the worst case you will learn something.

### **Cash Now, Greater Wealth Later**

Wealth, far in excess of the initial values of their practices, has been achieved by *thousands* of doctors through lucrative partnerships with IDSOs over the last 30 years. It has not been uncommon for doctors to achieve **3x, 5x and even 20x returns on their equity in an IDSO.** As dental practice consolidation accelerates, IDSOs are becoming far more attractive to many doctors for both offense and defense in a rapidly changing market.

With an IDSO partner, doctor's secure their financial future, diversify their portfolios and accelerate their practice for years or decades. IDSO partnership is not a short-term transition strategy, but a long-term wealth building opportunity. You will either partner with an IDSO or compete with many. Now is the time to at least understand the future, even if you are not interested in partnership today.

### **Benefits of an IDSO Partner**

IDSOs provide support and broad resources to reduce administrative burdens and assist practices to grow bigger, faster and more profitably. The available resources, values achieved and transaction structures vary for each of the over 100 actively buying IDSOs. Support may include lower product/equipment and team benefits costs, superior marketing and recruiting and higher reimbursement rates.

Smart doctors choose an expert advisor to arrange offers from multiple, quality suitors before choosing their best partner. Bidding contests among multiple quality suitors drives up value. LPS clients will typically have five to ten or more qualified bidders.

New IDSOs are being formed every WEEK. Understanding all of them and knowing which ones are the right fit for you are just some of the benefits LPS provides to its clients. In just the last 36 months, over 40 IDSOs have been created focusing only on specialty practices. There are now over a *dozen each* in ortho, pedo, endo and OMFS. In just the last 120 days, three new groups focusing only on perio have launched!

## **To Achieve the Highest Value with the Best Partner; Meet Many!**

Many doctors are approached by IDSOs attempting to make a deal directly with the doctor. This is good for the IDSOs and not for the doctors. Four real examples in 2021 of doctors who are very happy they contacted LPS before signing directly with an IDSO partner

- 1) **ORTHO:** The doctor had a \$19 million offer in hand. LPS arranged 10 bidders. The original offer went up to \$30 million and he accepted a \$38.5 million dollar bid from a better partner.
- 2) **ENDO:** The doctor had a \$9.8 million offer in hand. LPS arranged six bidders, four ENDO only, two multi-specialty. The transaction completed with the original bidder, but at \$13 million
- 3) **GP:** The doctor had a \$3.1 million offer in hand. LPS arranged eight bidders and achieved \$5.4 million in value from the best partner.
- 4) **PEDO:** The doctor had an \$8.1 million offer in hand. LPS arranged five more bidders and the original offer went up to \$11.1 million, plus an earn out. We had sold this bidder 60 offices in four states (including his city) in the prior 12 months and knew they would pay more for his practice.

### **Creativity, Knowledge and Timing**

Because LPS focuses on larger clients, many investors contact LPS to find platform practices to enter the dental consolidation frenzy. In the last 24 months, LPS has helped four different groups form IDSOs using our clients as the platforms. These doctors achieved exceptional values and got in on the ground floor of great opportunities. (See Chart Below). We also get the calls from IDSOs when reaching their goals is critical. Examples:

- 1) A large IDSO had recapitalized recently. The agreement to vest the executive management options was tied to their ability to acquire XXX in new EBITDA in 12 months. The IDSO needed great acquisitions quickly. They called LPS and our clients achieved 20% premiums in value.
- 2) Another large IDSO's management needed to acquire at least \$10 million in EBITDA in 90 days. They partnered with five LPS practice clients in the same specialty at the same time. The clients achieved a 28% premium over their standalone value with a great partner.

### **Not All Practices Qualify for these Value Levels, But You Can Find Out Quickly and Easily**

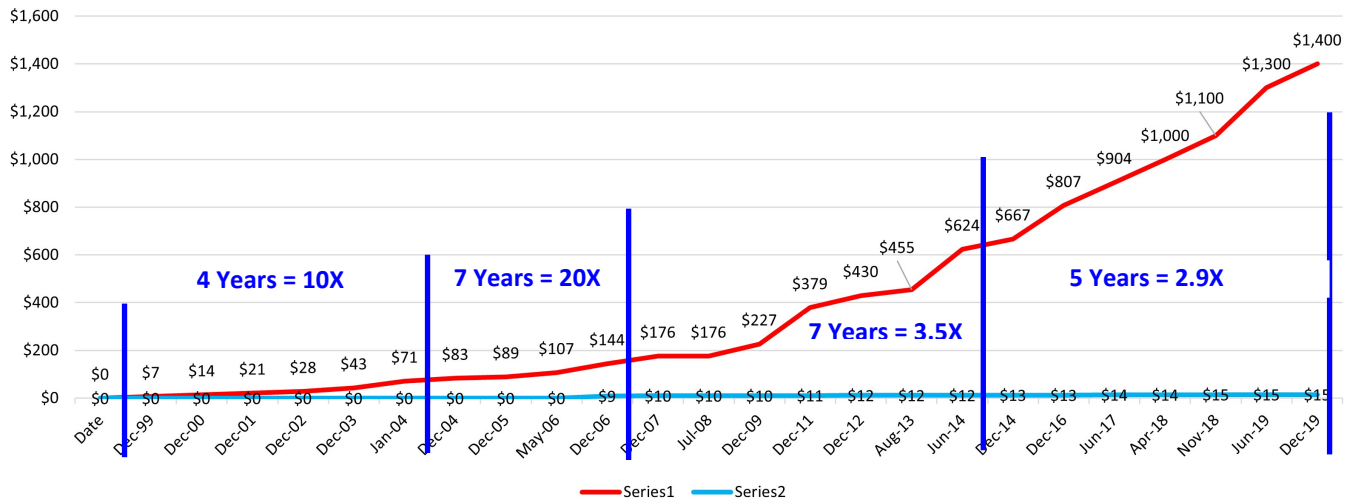
**LPS specializes in advising practices which typically have \$500,000+ in annual operating profits, after doctor compensation,** although there are exceptions. As the nation's best advisor to large practices, LPS achieves almost unbelievable values for GPs and all dental specialists. **In the last year we have completed transactions at 6x EBITDA to 24x EBITDA and achieved values above 4.4x collections for great doctors from coast to coast.**

### **Free Valuation and Education**

With the FREE and confidential LPS value process, in about 10 days, we can provide you with the value of your practice in an IDSO transaction. There is no obligation, and in the worst case, we will both learn something valuable. **LPS is unique in that we are paid nothing until a transaction is completed, we represent only doctors and receive no fees from the buyers of our clients.** Advisors who are paid fees by buyers will only show your practice to groups which will pay them a fee, eliminating many options for the doctors and resulting in a lower value for your practice.

### ACTUAL IDSO GROWTH EXAMPLE

20 Years = 200x Return  
\$1,000,000 = \$200,000,000



*“Because LPS is paid only by the doctors, it is clear they have their client’s best interests at heart. However, their literal ownership in the completed transaction ensures that it is fair for all parties. We pay more for LPS advised practices, but we get better doctors and easier transactions.”*

**Chairman and Founder, Top 10 IDSO/DSO**

*“I had two offers directly from DSOs, then contacted LPS. They got me six bids, and miraculously, one of the first groups to approach me increased their offer by \$2,000,000!” “LPS then handled the details of closing, and I can’t imagine doing a deal without their help. They were FREE! I paid them nothing until the deal was closed.”*

**-Dr. J.P., Southeast U.S.**

To schedule a 20-minute discovery call with our founder, Chip Fichtner, please call  
844-976-5332, email [Memo@LargePracticeSales](mailto:Memo@LargePracticeSales) or visit  
**[www.LargePracticeSales.com](http://www.LargePracticeSales.com).**

## Understanding and Profiting From the Dental Practice Consolidation Boom

**A**n estimated \$100 billion will be invested in dental support organizations (DSOs) in 2021 as they accelerate their partnerships with dentists in all 50 states. This is up from "only" \$10 billion in 2016. Doctors can benefit from this rapidly changing dental environment by quietly partnering with an invisible DSO (IDSO). Alternatively, they may need to prepare to battle against well-armed combatants who are entering their markets by teaming up with their competitors. The doctor down the street may be part of an IDSO, and you would not know it.

In a typical transaction, an IDSO purchases from 51% to 90% of a practice for cash up front, and the doctor retains ownership of the balance either at the practice or the parent level or a combination of both. Doctors continue to lead their practice with their brand, team, and strategy for years or decades. The goal of the IDSO is for the practice to benefit from the resources of the larger partner to grow bigger, faster, and more profitably. This is not a short-term transition strategy, but rather a long-term, wealth-building partnership. In the past decade, many doctors have achieved returns on their retained ownership of two, five, and even 20 times their investment.

Doctors choose to partner with an IDSO for many different reasons. Some are interested in reducing administrative burdens, while others may want to achieve synergies with other practices within the IDSO group. Each IDSO differs with regard to the benefits it can provide to a partner practice, but some of the common support features include: fewer management burdens, greater recruiting assets, lower benefits costs for team members, higher reimbursement rates from payers, enhanced marketing, and reduced supply costs, to name just a few.

Doctors are urged to interview multiple prospective IDSO partners to fully understand their options and choose the group that best fits the doctor's goals. All IDSOs are built on the bedrock philosophy that practices led by owners will perform better than those with employee doctors. Thus, each IDSO will create a path to long-term ownership for each doctor in the practice. Ownership may be at the practice level, the parent level, or both.

The consolidation of dental practices across the United States is accelerating rapidly,<sup>1</sup> with new DSOs being formed every week. It has been suggested that less than 20% of all US dental practices are now affiliated with a

DSO or IDSO, but thousands of practices in the United States will have joined a DSO of some type in 2021. The landscape is changing briskly, and partnering with an IDSO can be an offensive move as well as a defensive play.

Doctors should fully understand the potential value of their practice to an IDSO in today's exceptionally active market. Not all practices will qualify to achieve record values, but transactions are being completed regularly at 200% to more than 400% of collections values at the time of this writing. How inevitable tax increases will affect this market is as yet unknown, but doctors can contact an advisor to help them find out the value of their practice.

### The Dental Trifecta

Some IDSOs focus solely on so-called "dental trifectas," a strategy aimed at increasing the values of pediatric, orthodontic, and oral and maxillofacial practices. When an IDSO purchases successful practices in these three specialties in a geographic area, increased rapid internal growth can result due to the dedicated referral relationships among practices in the same group.

Doctors benefit from a dental trifecta by achieving a higher initial practice value in a transaction and gaining captive referral sources from other practices within the regional group. Additionally, dental trifectas can achieve higher exit values due to their unique internal growth rates.

### About the Author

Chip Fichtner

Founder, Large Practice Sales ([largepracticesales.com](http://largepracticesales.com)), which specializes in invisible DSO transactions for large practices of all specialties

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