Pediatric Dental Marketplace: An Overview from a Financial Perspective

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Agenda

• Introduction: Bank of America Practice Solutions
• Dental Industry Today – Market Overview
• First Time Practice Owner Profile
• Today’s Dental Lending Market
Who is Bank of America Practice Solutions?

• A boutique division within Bank of America with over 20 years of experience lending in the healthcare space

• We combine banking products and services necessary to operating your business

• 45 Dental Specific Reps across the country (3 in NYC metro market) solely focused on helping dentists in all stages of their careers

2013-2019 Townie Choice Award Winner for Best Practice and Equipment Financing
Dental industry today – Market Overview

**Increased competition**

- New dentists
- Individual multiple practice owners
- Multi-specialty privately owned groups
- DSO, DMSO, and corporate dentistry
Who are the other buyers?

**Multi-practice owners**
- Currently own 2 plus practices and looking to grow
  - Targeted geographic footprint
  - Economies of scale like a larger DSO
  - Full time office manager/HR
  - Allow the seller to stay on as an associate
  - Mergers also available
  - Extremely financeable

**DSO’s**
- Heartland, Smile Source, Aspen etc.
- Read the fine print!
- Only 4.6% of dental offices are DSO’s (per ADA)
Dental Practice Sales

- Recession caused many doctors to hold
- Seller’s market
- Supply vs. Demand
- Value determined by competition
Dental industry today – Market Overview

Busting the Corporate Dentistry Myth

• Corporate dentistry is the only option for new dentists because dental school is debt is so high

FALSE
First Time Practice Owner Profile

- 680 Credit Score
- 10% Liquid Assets of Request
- Production
- Student loans
Dental School Debt in the U.S.

Dental student loan debt has increased 130% since 1996

Source: American Dental Education Association
Banks who focus on lending to Dentists have NOT realized the loss or delinquency that we all have heard in the news.

There are some banks offer 100% PLUS financing to qualified borrowers.
Today’s Dental Lending Market: Financing sources

**Specialty lenders**
- Dental specific
- Understand industry and risk involved
- “Cash Flow” based

**Local banks**
- Lend to whoever walks in door
- Have a hard time quantifying goodwill of a practice
- “Asset” based

**Seller financing**
- Seller acts as “bank”
What’s on your mind?

- Can I afford to sell my practice?
- How do I help my children through college?
- Should I re-invest in my practice?
- What do I do when my lease expires?
- Is my office HR Compliant?
- Do I have enough money saved to retire?
Thank You