

The Modern Dental Practice

Season 2 / Episode 4

Dan Crogan: Hello and welcome to ProspHire's Soaring to New Health podcast. This episode is the Modern Dental Practice Software to Believe In. I'm Dan Crogan, joined by my co host Chris Miladinovich. We're diving into the world of the dental practice management software and the power of cloud based solutions.

Chris Miladinovich: It's really great to be here, Dan, with you. Today our guests are Mike Huffaker, Chief Revenue Officer from Planet DDS, a leading provider of innovative software solutions for dental practices. And Luke Lauren, Managing Director and Leader of Dental Practice Management from ProspHire.

Let's get into the benefits, challenges and future trends of adopting cutting edge technology in the dental health care sector. Mike talk to us a little bit about Planet DDS. What are the key benefits for your customers and tell us about your company.

Mike Huffaker: So to start with the company, Planet DDS was founded in 2003. So we were not the first, we were close to the first cloud based practice management software in dental. Over the past five years, we've acquired a cloud x ray software called Apteryx Imaging. We've also acquired Cloud9, which is the first category creator, ortho cloud practice management software.

And we also acquired a product called Latework, which is a marketing software for dental practices. Think of it kind of like a HubSpot for dental, if you used HubSpot for marketing automation and your business. A lot of people do. So we've been around for a little over 20 years now. Our heritage is cloud.

We live, sleep and breathe cloud. We are a SAS platform. We have not needed to convert from a server-based kind of infrastructure to move to cloud. So it's really just part of who we are. And The innovation that that brings with the flexibility that we offer with frequent new releases and a commitment to always being on the cutting edge as it relates to features and functions with a view of really offering practices the ability to future proof their technology platform from a practice management perspective is what we're focused on. And I should note that as an organization, we've always been predominantly focused on multilocation practices. And so when Denticon was first built it was built with multi location in mind, which is quite different from what most practice management software in the marketplace, even cloud ones, had predominantly been built as solo solutions, and then looked to be converted into a multi-location solution in the future. Ours from the get-go is built to scale. And 85 percent of the clients on the Denticon side that we have are associated with multilocation groups and DSOs and DPOs and larger practices. And so that's where we really specialize.

Chris Miladinovich: What's your big differentiator? How are you doing things differently in this space?

Mike Huffaker: Part of that servicing, multi-location groups is one of our differentiators. So, cloud doesn't necessarily mean enterprise. I think that gets misunderstood often. Enterprise

means that you have the ability to manage your fee schedules across multiple locations. You have roles or permissions that you can set up that allow you to control who does what and when within the software. You have the ability to toggle easily between different practices, get visibility across all your locations from a data perspective when you're running reports to understand what your production is your production provider and who's doing well and who's not. And so a big differentiator for Planet DDS is just that we think in terms of multi-location. And so as a result, when we build software, when we build features, we want to make sure that it is going to serve people that have an interest in scaling. We really like to work with people that have kind of a growth mindset. They're looking to either make their practice larger, acquire additional practices, and they just really want to grow. And so that's our ideal customer. And that's really what sets us apart in space is having that singular focus on ensuring that we are doing what we need from a product perspective to support rowing practices in the dental industry.

Chris Miladinovich: Working with growth minded companies is always ideal to take that step into the unknown and create lots of value for their customers. Luke based on this, what are some of the challenges you're seeing out in the dental world and the practices and in terms of converting their practice management software and incorporating it into their operations?

Mike Huffaker: We've been working with some mid-level DSOs out on the marketplace. What we've been noticing is that some of them still have a backlog system that they're looking to convert in order to kind of build an economies of scale within their tech stack, specifically around the practice management solution, but also some of the bolt-ons that they'll be able to utilize to as well. So some of those are now starting to come to fruition in the marketplace. And what we've been trying to do is help them at the very beginning of the implementation planning. I think a lot of organizations today just don't plan accordingly from a resource perspective, trying to work on the implementation internally, knowing that they're on the hook for certain tasks and activities on the implementation side, they often don't plan accordingly to say this particular task needs one FTE for a project manager. You're going to need some folks within your organization to work on data conversion.

Working with Planet, for example, on first run of data conversion, there might be some gaps. What are those gaps? Doing a thorough QA of that data conversion. From a training perspective and a goal life support perspective, I think folks don't put enough effort in regarding resources and resource time that it takes in order for this to be implemented. A lot of organizations, too, don't take this opportunity to optimize their front, back and clinical office workflows to try to make it work with the practice management system that they're looking to implement. Trying to help them understand that you have an opportunity now to not necessarily press the reset button, but to get an opportunity to optimize to have your staff work with the system optimally. But at the same time, you'll get an opportunity to learn about the software hands on to as well. And that takes some time. That takes some resource efforts and takes some time planning. More often than not, I feel like there's some DSL players out there that if they don't do the planning up front it ends up costing them more money in the long run to implement because of budget overruns schedules that are not met and taking the time to kind of move that go live date, depending on where that's at, that has cost to it too, as well.

Dan Crogan: It's a good point around the planning that's going to drive a successful go live. And Mike would be interested too, from, from your point of view, once you do get to that successful go live, what challenges do you face with not only getting to the next platform, but also driving adoption within the new DSOs and the new clients you have?

Mike Huffaker: As we think about cloud software and adoption of cloud software, everything that Luke was just mentioning is really vital. If you went and surveyed 100 groups in the DSO space in depth, and you said, if you could snap your fingers and tomorrow be standardized across all of your locations on a cloud solution, would you do that? I think almost all of them would say yes. The reason that they don't is all of the things that Luke was just discussing: the challenges that you have in implementing a new solution, the change management required, the assistance needed in finding support to help you with the data conversions. And where a lot of people fall short is they look to do it on their own. And they don't recognize the fact that it actually is a large job and a large undertaking. And if you have folks that are specialized in doing this, that have done it before, you're going to accelerate your ability to get to that end goal that you want, which is the complete standardization on a single platform and on a solution.

Mike Huffaker: Now, separate from that implementation piece and back to your question, once somebody goes live, there is the change management essence of it, of course. You are looking at new workflows. There are new SOPs. The most successful groups create and document those. In fact, they'll say we have the true family way, or we have the love it way. And it will be where they internally know how they're going to work within the software and the structure of their offices and what somebody at the front desk will do, what somebody on the clinical side will do, what somebody in the RCM side will do. So it all ties back to planning, workflow mapping, understanding how the solution works and then being consistent and making sure that you're training folks, you know who's in charge of what, you have champions within your organization that are the go to if there are questions or concerns or challenges and that you're really just setting people up to be successful at using the new software.

And I do think the last component of it is You want to make sure you're celebrating the success that your practices have in the adoption of the software and surfacing that across your organization so that as additional practices are going live, they hear the success stories. They hear the wins. They understand the benefits and you can build excitement for the change that is taking place, which increases the buying, which increases the probability of being successful.

Dan Crogan: It sounds like the solutions that you're providing have been extremely successful. Even you mentioned at the beginning of the show, quite a bit of purchases of different software, different capabilities as well. Could you talk us through how you're hearing those are customer needs and then how that integration is serving your customers?

Mike Huffaker: I think one thing that we've done really well is we've been very strategic about our acquisition strategy. So we recognize that dental space is complex. There's a wide variety of needs. You have multi-specialty, you have ortho, endo, oral surgery, pediatric

practices and so when we evaluated what we are offering, what we brought to market, there's kind of a prevailing theme that you hear in the practice management space where everybody wants to say that they're all in one. And when we hear all in one, we think all in one means one size fits all. But the reality of the situation is one size doesn't fit all. All these groups have unique needs, and if you're not replacing every stitch of software that exists within a dental practice, I don't think you can honestly say that you're an all-in-one solution.

I will say that we're very comprehensive. But when we look at what we offered in the case of Denticon, for example, it's a GP solution that also meets the needs of many multi specialties. And we have a lot of pediatric practices that use it. We started to build ortho functionality into the software. We realized that the workflows were just so different. The way that the practices were managed was so different. The way of attracting and retaining new patients and the patient workflow and all of that, contracts and payments and the frequency within which you have returned visits just doesn't really align with how you have workflows built into a G P software.

So we said let's acquire a best in class solution and then integrate it with what we have, because we have a lot of clients that use both Denticon and Cloud9. And so we built an integration between the two software. It's often different teams, even within the same brick and mortar physical location, that will be using those software. But you can recall a patient from one, And it will extract it from the other. You can enter a new patient and it puts it in both. And so you're essentially able to align two best in class software in an integrated fashion that allows you to operate your practice in the most efficient way possible.

And we've done the same with the imaging solution. It's integrated into the workflow. It's a cloud X ray solution. We also sell that solution to stand alone other practice management software solution. So if somebody is using an open demo, they can use XP 11. We have many, many customers that use that cloud solution, but we've just been very thoughtful and trying to provide a comprehensive solution of best-in-class products that integrate together. And that's been the approach that we've taken as we've kind of gone to market space.

Chris Miladinovich: In some of your implementations and integrations with your clients, what are some of the big challenges that you face? There has to be some trials and tributes. What are the challenges you guys face?

Mike Huffaker: There's definitely challenge. We try to be very upfront about that as well in the process of having conversations with people that are looking to purchase any of our software solutions. First off, the data conversions are a challenge. There's a multitude of different software solutions out there. We do the data conversions at house. We've done them many different times. However, our platform is a single patient record. And you're converting from 20 or 30 different databases or 5 different databases or 6. It's always going to be a challenge. There's an audit of the data that needs to be completed in order to make sure that it's coming over properly. And the practices that we're selling to, they're not necessarily equipped to do that type of work, nor do they have the extra resources available to do that type of work while they're trying to also be running their businesses.

So that's a big challenge that is always present when you're looking to make a software change in that tool that requires a data conversion. Plus, you're normally converting off disparate systems. So the data systems are all different. And so the way that one system handles the data is much different than the way that another one does.

You'll convert more data from one than from another, because maybe it's not as accessible, or maybe it's in a format that's not usable, or maybe it doesn't map to the right fields in your software. So there's a lot of complexity there. There's also the moving over of insurance plans and fee schedules. Those don't typically convert.

And so we need to recreate inside the new software solution, your insurance plans and fee schedules. Now, one of the benefits of Demicon is that it is structured in a way where from a fee schedule perspective, you can assign out fee schedules to practices and providers across a multitude of locations without having to enter them into every single location over and over and over again, like you have to do in most other systems.

So there are benefits to that, but it's still work. You need to work your claims and bring your AR down in your old system as well, so that the AR doesn't convert over into a new system. All of that financial design system, you'll get the balance forward, but you won't actually be able to work the claims out of the new solution. You still have to use the old solution for that purpose.

Then on top of that, there's training. There's the change management of making sure that the staff knows how to use the solutions. There's the change management at a practice level and then at the corporate level, because this is a serious business solution that we are selling. So it's not just about, can I see patients? Can I have a treatment plan? Can I make sure that I'm taking care of our patients? But it is How can I know whether or not we're being successful or how can I know whether or not we are improving year over year? How do I know where there's areas to improve? And all of that is tied to the corporate structure having an understanding of all their data across their practices.

So it's a very complex solution. I definitely don't want to mislead anyone to think that it's a simple switch, which is kind of why I use that example of the snap your fingers. If you could snap your fingers, you'd do it, but there's no snapping the fingers right now. And it's very involved in making sure that you're able to get to that end state.

Chris Miladinovich: Luke, why don't you tell us how ProspHire collaborates with dental practices to do these implementations? Mike was talking a lot about some of those challenges. Maybe you could talk about how you've seen those and how having a good partner, whether it be project management or advisory or whatever services needed can enhance the overall experience.

Luke Laurin: I feel that we're speaking the same language of what we're seeing our clients go through specifically on just implementation planning and executions. My background is I managed and ran ambulatory system implementations, hospital system implementations from both Epic and Cerner. So what we've done at ProspHire is we took kind of the best of breed methodologies that I've used in the past for both of those in an ambulatory clinic, size

it as such, so that it's lightweight and that we're able to go into a client and from planning all the way to execution, target those areas that you just mentioned that are troublesome.

What we've done is we would set up a governance structure that's at the corporate level, so that would handle the data conversion, data governance pieces of this overall project. It also helps with the change management from top down to report on some of those wins. But to also keep some of our project stakeholders up to speed on how the projects are running that usually comes with a program director, either internal or external just to run the governance piece.

And then what we've done is we would partner with the vendor of the practice management system, but also partner with the clients to say, "how can you handle this internal? Who are the resources? Do you have the right allocation? If not how do we resource this accordingly externally in order to have somebody focus in on the data conversions, focus in on the training, focus in on the go live support? Do you have the capacity to handle the standard operating procedure creation?" If not, we've done that for clients where we've come in and as we're working through the implementation alongside, we'll have somebody with an operational mindset documenting the standard operating procedures.

And then that's a part of the rollout. That's a part of the implementation. So on the operational side, that's kind of the transition point from workflow to system that we also put into place and architect. So definitely our mindset is really going after those specific gaps that we're seeing from our clients that you've mentioned that I've mentioned, and we've seen tremendous quick turnaround because we're able to put the resources on top of those particular projects.

We're seeing a lot of DSOs. They've got the backlog that I mentioned earlier, but there's also a few of them now that are still continuing to grow. I know cost of capital is pretty expensive for mergers and acquisitions, but they're still in the growth mode. And with that, they're seeing the need to roll the systems out at a quicker pace, either to get an evaluation to be bought or to backlog so that they're a single point of a PMS system for them to start to execute on some other bells and whistles of the system.

Dan Crogan: You mentioned where the dental practices were going prior and there were a lot of mergers and acquisitions, a lot of change needed. Where do you see the trends going over the next few years? And Mike, interested in your perspective as well.

Luke Laurin: So I mentioned mergers and acquisitions in 2024. 2025 looks to be a growth year for folks that may have been going through the de novo process internally to just kind of grow within. A lot of those organizations are now planning now for growth in 2025, whether that happens or not, or how it shakes out, there's a certain buzz that's out there with some of the DSL folks there.

And with the consolidation of systems to like one or two platforms. I'm noticing a lot of folks getting into more of the AI play. I know AI is always a buzzword that everyone throws out there, but we're seeing some really powerful stuff in the radiology space, specifically in preventive care.

We're also seeing some people take advantage of revenue cycle AI to help with some of their backpack office.

Mike Huffaker: Kind of to add on there related to the market with M&A and with the DSO space it's interesting. Luke mentions the high cost of capital. And I think that's obviously having an effect in a few different ways.

It's having an effect in seeing a slowdown of M&A taking place. And it's also having an effect in creating some distressed DSOs that are actually in the market. And so I'm familiar with a handful of examples of groups that were looking to have a transaction that ended up not completing one because their current state. They're very highly leveraged businesses and they found themselves in a really challenging economic environment as a result.

And so I think you're going to see some more shake out as a result of that over the next six to 12 months, where some groups that are in a better financial position, maybe with different private equity sponsors, are going to take advantage of some of the distress groups and be able to pick up practices at what we have yet to see, which is a discounted rate, because even in the midst of everything that's gone on over the past three years with interest rates rising, I don't think that the multiples ever compressed to the extent that people expected them to. And I think there's still a chance that there will be some of those lower cost options presented to other organizations.

Also, and this is just my own thought so this is not based off of any research that I've necessarily completed, but I think what we will see at some point in the not too distanced future is that is more whales swallowing whales. And so when I say whales, like groups over a hundred offices, acquiring other. You still have organizations out there like Heartland that week in week out month in month out are acquiring practices. And so there are some very healthy organizations that are doing it 1, 2, 3 locations at a time.

We had seen over the past couple of years, some transactions like Sonrava acquiring Mid-Atlantic and Sonrava owns Western Dental. And so they created a very large DSO, 600 plus locations as a result. And I think you're going to see more of that as the consolidation continues where these larger organizations will end up doing acquisitions with each other and you get to scale much quicker than taking the approach of buying a slew of individual practices. And then on kind of the lower end of the market, I think we'll just see more and more DSOs be created. The percentage of multi-location groups is still under 50 percent of the market at this point. And I think it's going to be an opportunity where a number of clinicians that have this practice with one, two or three offices, look to make it six, seven, eight, and then architect an exit for themselves that gives them a significant multiple and some wealth for themselves and their teams. And that story is still very compelling, and I do think we'll see more of that in 2025.

Luke Laurin: I think there's organizations like some VenCap firms that are doing some due diligence on looking at practices on behalf of somebody that's going to make an acquisition. And one of the things that we always see is that what helps that evaluation out of it is being on a single platform. Having that all done and completed so that when it's time for an

organization to purchase that company or set of dental clinics, they don't have to do that work.

Mike Huffaker: I'll just add one thing to that, along those lines, we launched a program inside Planet DDS, we call it launchpad. And it is only for groups that are two to nine locations that do not have private equity funding, do not have an outside source. They're self-financed at that point or bank financed.

And we offer an 80% discount off of our services. That also ties with help with them understanding, they get mentor programs. They can talk to other of our current clients. They can work with our CS team and get benchmarking across like, "Hey, how are you performing? How are you doing? Is this good or not?"

So we really are looking to become partners in their growth and their expansion. And so it's a great way to standardize at a discounted rate to give yourself a foundation to allow you to scale because it's a loose point. At the point where you go to market and if you have somebody that's going to acquire you, if you do have standardized solutions, you don't get marked down for tech debt at that point.

Otherwise, your valuation will take a hit if you're on six disparate solutions and you have not done the work because they know they're going to have to do that work after the acquisition.

Chris Miladinovich: We're going to take a quick break and hear from our sponsors. And when we get back, we'll talk about some more insights, some more trends, and where the market's going. We'll be right back after this.

COMMERCIAL

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Chris Miladinovich: Welcome back, ladies and gentlemen. Let's talk about specifically what's going on in the market right now. It's a crazy time. What are you guys seeing?

Mike Huffaker: The dental business is always challenging. You're always facing challenges between your reimbursements. Inflation has been an issue over the past number of years. The labor market has been a big challenge for a lot of practices as well. And what we're seeing right now is that there's a little bit of softness in the performance of the practices out in the dental industry currently. And the kind of sentiment that I'm hearing is that it's not

necessarily related to patient visits, but it's more related to maybe less of a willingness for some of the elective procedures and just an overall production per patient decrease. Practices are really having to work much harder to bring in more patients and see more patients in order to meet the production goals that they have for their practices. There's a feeling the squeeze on both sides, maybe reimbursement is not as high and at the same time you're not getting the same amount of production. So it's a challenging time. As a result, we're seeing some new strategies, also, that are taking place in the market. More and more groups are electing to do a surcharge for credit card payments where there's still the option for their patients to write a check and not have to pay that convenience fee. But they're passing along that 3 percent to the patients at the time of the transaction being taken. And I understand why. It's a tough market for many reasons. And even that 3 percent can help move the needle and your kind of overall bottom line. That's really what we're seeing out there.

Luke Laurin: I think some of our clients are taking and we're helping them with some different strategies around reimbursement rates and specifically around dental implants. There's a special criterion you need to have in order to prove medical necessity and there's a specific way that you have to document that within the practice management system in a soap note style in order for a specific insurance to even think about reimbursing it. We came up with some creative strategies that we've looked to implement with some of our clients. And I know some folks are having trouble with that.

Dan Crogan: Great to hear what's going on in the market today. And I'm sure you're thinking, well, where's it headed and how can we plan for it and stay ahead of that wave? What are some of the trends you're seeing and maybe some of the software, the innovative solutions that you're creating now to get ahead of where the dental space is going?

Mike Huffaker: I love what's happening in the market from a technology perspective. And I think if there's going to be relief for some of those challenges that dental practices are facing right now, a lot of it can come through technology. Within our software, one of the focuses that we have is API access and interoperability. And so that doesn't sound super exciting for a lot of people if you're listening to this. So let me put it into context as to why it matters. I spoke a little bit earlier about the notion of all-in-one solutions and how that is very prevalent. You see it everywhere. You can't know what is going to be built next month, three months from now, nine months from now, a year from now, that's going to offer your practice and your business an ability to be better than it is today. And with the advent of AI and all of the technologies that that entails, whether it's large language models, your chat GPTs, whether it's imaging diagnostic AI, there's a lot of different paths that can be taken there.

You want to be able to future proof your practice. You want to know that whatever software you purchase, you're going to be able to scale with it, grow into it, and that it will grow with you. And you can't do that if you don't have a software that is philosophically open to tying into other solutions in the market.

Now we prefer you buy as much as possible from us, of course. We do patient communications. We do x ray imaging. We have cloud nine, ortho software, we have GP, we

have modules within our software that does analytics and reporting. We build all of that. We think it's really important. There's a real value to having native solutions. So we have all that you need, but if there is more that you want we also will allow you to tie in what you want to what we have. And so API has been a big focus for us. It has been something that allows you to write back into Denticon. And traditionally in the cloud space, there hasn't been as much of a willingness to unlock the keys to the castle and allow other people to kind of play with you in the sandbox. We don't think that way. We want to make sure that our software is something that you can scale in the future. So I think that's been a big piece to what we've been doing.

On top of that, with some of our AI partners, we work with Overjet, and Pearl, Bivia, and we want to make sure one of the biggest challenges to AI adoption is actually having it consistent in the clinical workflow. And so what you get in most solutions right now is you're using the practice management where you have your Donna Graham, you do your charting. And when you want to take your images, you take your images. Then you go to one of these other solutions providers, you open up their product, you recall the image, you get the findings. What we've done is we've connected our APIs, and so within the workflow inside Denticon, your clinical workflow, you take your x rays, and the findings are returned right there where you already are living, without you needing to open up another software. And so, it allows the workflow to remain the same because it sounds crazy, but even just a couple extra clicks are enough of an obstacle to prevent somebody from taking advantage of that technology. We've done that, and that ties into our belief in partnering. We're not going to build AI functionality ourselves, but we partner with best-in-class providers that do, and then we offer that flexibility where you can take advantage of the great solutions that they've built within the software that you live each and every day.

So that's a little of what we're looking at. I'll mention another side of the business, which I think is really important. It's also very ripe for disruption, and that's on the R. C. M. side - Revenue Cycle Management.

One of the biggest reasons that people purchase Denticon is because of the flexibility that we offer within our solution, the way that we manage fee schedules and insurance plans, the way that the ledger works, the fact that we can do 835 autoposting. So the 835 will autopost to the ledger, no human intervention needed. You don't need to open the envelope. You don't need to read the things that manually type it in.

And so it saves a ton of time, but in that world, there's some people doing some really great things. Dentists, dental exchange are both partners of ours. And even when you get the return of benefits, or you're trying to do insurance eligibility and verification, the format that it comes back in is always different from all the different carriers.

It requires a human to call and make a lot of notes and update the patient record. They're using AI and RPA technologies to automate all of that. When we talk about labor shortage and some of the challenges that you're facing, I think a lot of that's going to be solved over the next three to five years. You think of all the different processes that happen every day in a dental practice over and over and over and over again. If you can automate those through technology, you can reduce staff and you can improve the patient outcomes. And that, I

think, is what we will continue to see. And that's just going to pick up steam over the next three to five years.

Dan Crogan: As we wrap this episode of the Modern Dental Practice Software to Believe In, thank you to our guests, Mike Huffaker from Planet DDS and Luke Laurin from ProspHire for sharing your insights and expertise. We hope today's episode has provided you with valuable perspectives and strategies for the dental practice management.

Stay tuned for more engaging conversations on Soaring to New Health, where we continue to explore innovations and trends shaping the future of healthcare.