

The dental chain opportunity II

Value creation beyond a consolidation strategy

Realizing value series

The dental industry is expected to remain a key focus area for investors in the coming years and dental chains need to focus on realizing sustainable organic growth. A key approach to fulfill this will be to focus on value creation by developing patient pathways that leverage key technological advancements with the objective of strengthening the engagement with patients beyond the dentist-patient relationship.

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The DSO opportunity

The consolidation trend continues

Since publishing *The dental chain opportunity*, KPMG's global dental team has been involved in many strategic engagements on behalf of Dental Service Organizations (DSOs), technology providers and investors. Through our experience and discussions with organizations in the dental sector, we recognize and advocate an increasing focus on improving the relationship and engagement with patients. KPMG's clients acknowledge the importance of developing a strategy enabling long term value creation for their customers, in order to achieve sustainable and steady growth.

In 2017, KPMG evaluated the consolidation opportunity in the European dental industry. Although differences between countries were evident, generally speaking, consolidation was still in an early, but accelerating stage at the time. Since then, the interest from investors has continued to grow and this has resulted in further consolidation of the dental industry both in Europe and the US. Across geographies, attractive market demand fundamentals, combined with still fragmented markets with favorable M&A characteristics, will most likely lead to continued interest from investors going forward.



About this paper:

This publication is a follow-up to KPMG's *The dental chain opportunity* published in 2017, which evaluated the emerging trend of consolidation within the fragmented European dental industry, providing investment opportunities for private equity firms and strategic buyers. This report – the second in the series – focuses on the next evolutionary step by providing an overview of the accelerating deal activity in the US and Europe.

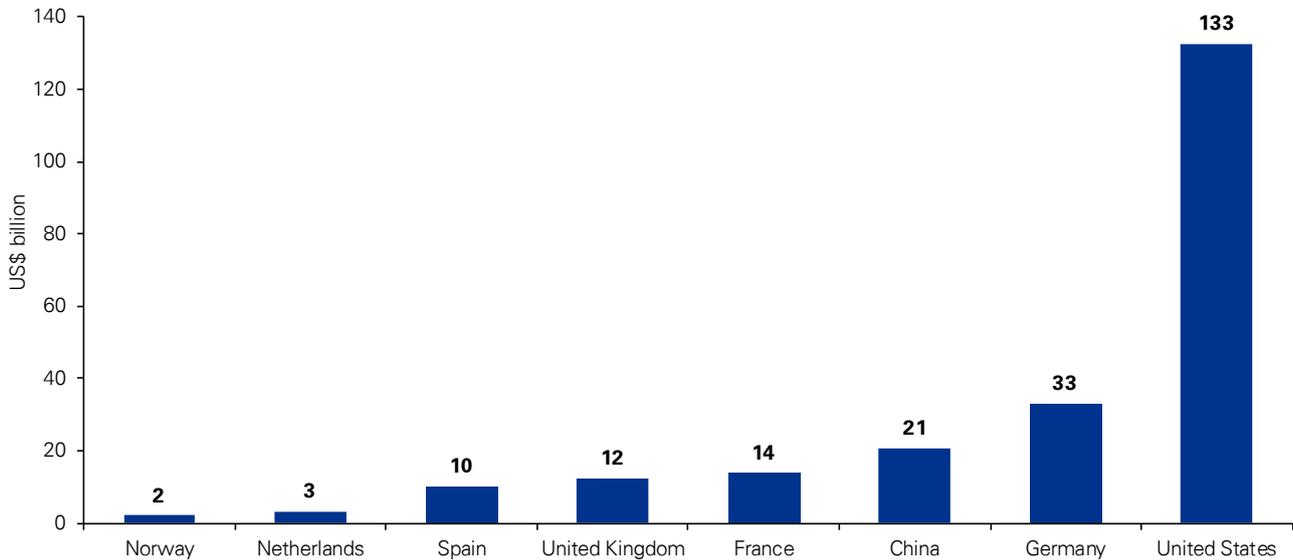
The impact of COVID-19 on the dental industry

This report was published in May 2020, as the COVID-19 pandemic continued to unfold. Financial consequences for dental practices will be significant as routine procedures are suspended and expected to be only partly recovered by 2021. On a more positive note, guidelines around social distancing could also trigger acceleration of the adoption of technologies like tele-dentistry and digital patient relationship management solutions, bringing increased focus on the out-of-practice aspects of the dentist-patient relationship.

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Figure 1: Dental care market by country (in customer spend), 2018



Note: Data for Spain, France and Germany are based on 2017 OECD data

Sources: KPMG research and analysis, OECD

In both the European and the US dental markets, economic prosperity, population growth and aging population, along with increased attention to oral health and improved insurance coverage (specifically in the US) are key factors driving a moderate, but steady growth in overall dental expenditures. The US market currently represents an estimated value of US\$133 billion and is expected to grow at an annual rate of ~3 percent per annum until 2023. Similar growth rates of approximately 2-4 percent are expected for most European markets.

In addition to demand dynamics, the attractiveness of a particular country or region is also determined by the structure and stability of the healthcare system. From an investor point of view, stable or predictable healthcare conditions and regulations are important considerations for potential future value.

Attractive fundamentals in largely fragmented dental markets have led to continued M&A activity in Europe and the US. The ‘traditional’ operational benefits that result from creating a dental chain (as referenced in *The*

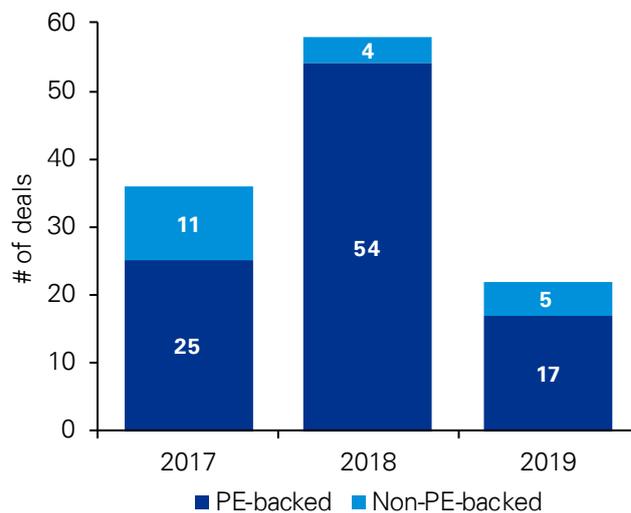
dental chain opportunity) remain and can be significant for investors, dentists and patients. Large (country- or state-wide) dental chains can offer scale economies, efficiencies and improved risk management that a standalone practice cannot attain. Back-office functions can be centralized and operated from a shared service center at a single location and lab work can be insourced. Consolidation enables the scale benefits of large investments in cutting-edge technology and equipment, while being better equipped to deal with increasing regulatory measures. In addition, patients benefit from higher quality, more consistent care with increased focus on prevention. Dental chains also offer a wide variety of dental or orthodontic capabilities under one roof, thereby providing patients access to a one-stop shop, often with more flexible opening hours. The industry structure in most regions remains attractive for M&A activity: as many dentists are approaching retirement age, highly-qualified professionals are scarce and the workforce increasingly consists of part-time employees, which results in difficulties for retiring dentists to find a successor.

Private equity investors have dominated acquisitions in the dental market in the US and Europe. In addition to thousands of smaller deals, according to KPMG’s analysis, 116 sizeable deals have been identified since 2017 in Europe, specifically involving the acquisition of either DSOs or dental clinics. In approximately 80% of these deals, private equity was involved as either the investor, seller or both. The US accounts for at least 68 completed

acquisitions since 2017, with nearly all of these deals having private equity involvement.

In the US, the North American Dental Group has been the most active acquirer in recent years. Interestingly, Jacobs Holding, owner of pan-European chain Colosseum Dental, acquired the North America Dental Group in 2019, creating the first dental chain with a multi-continent footprint.

Figure 2: European major DSO deals, 2017-2019



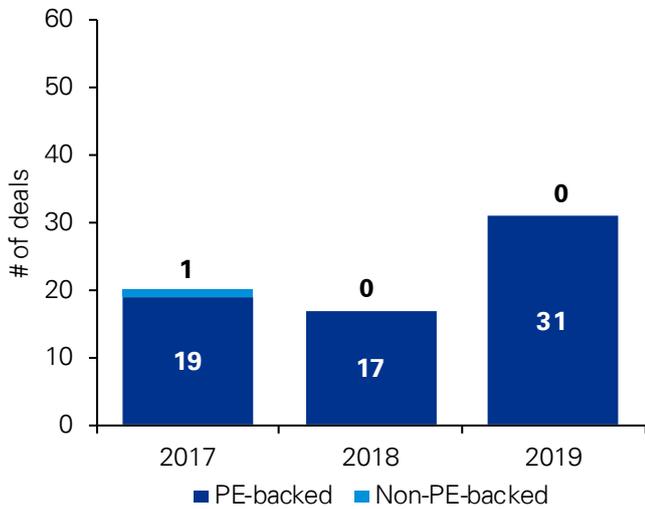
Source: Mergermarket

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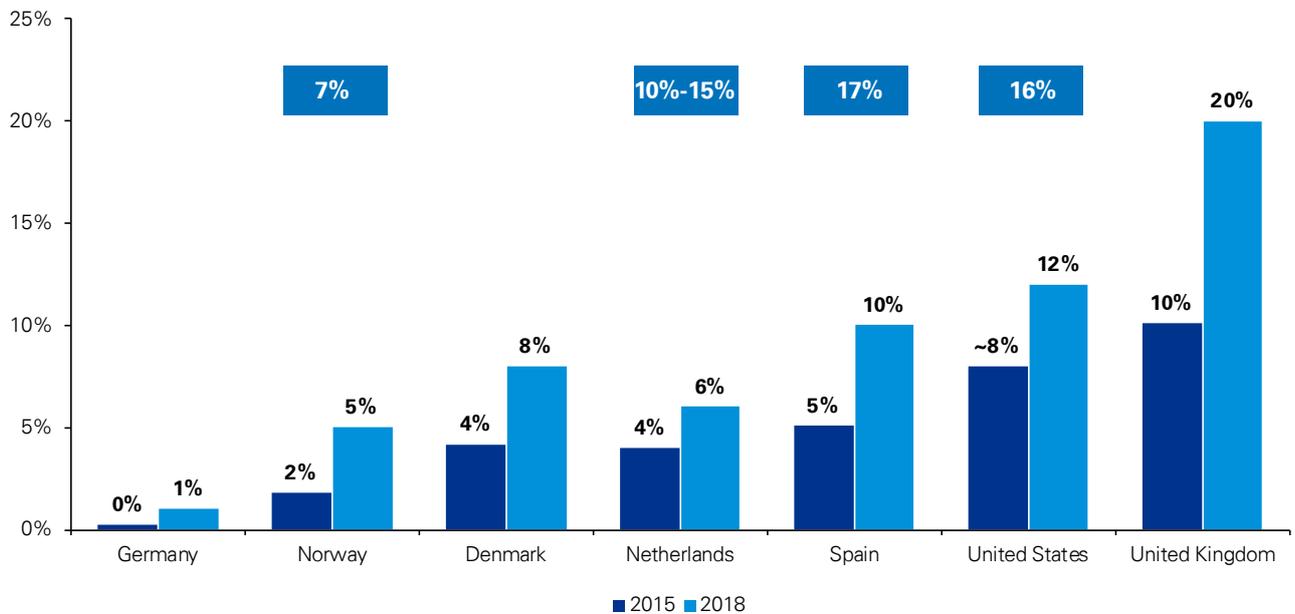


Figure 3: US major DSO deals, 2017-2019



Source: Mergermarket

Figure 4: Market share estimates (by number of practices) of DSOs in select countries, 2015-2018



Key: ■ Estimated market share of DSOs in revenues

Source: KPMG analysis



Case study: Acquisitions by Jacobs Holding to establish first global DSO

Jacobs Holding AG, an entrepreneurially-minded, long-term investor, has created the first transatlantic dental health provider. The transatlantic market exceeds US\$220 billion, and the provision of service is deeply fragmented. Jacobs Holding's vision is to form a global dental health champion, focused on best patient care through digitalization and innovation. Jacobs Holding has adopted a buy-and-build strategy that profits from economies of scale (e.g. in procurement) and best practice sharing enabled by a cohesive clinic network. The journey started over three years ago with a series of acquisitions throughout Europe.

Establishment of the platform: In January 2017, Jacobs Holding acquired Colosseum Smile, Scandinavia's largest private dental chain with clinics across Norway, Sweden, and Denmark, and built a central headquarters in Zurich to support continued growth across the continent.

Entry into leading European dental markets: Post acquisition of Colosseum Smile, Jacobs Holding continued with the creation of a pan-European dentistry group to benefit from diversification, scale and best practices, which is supported by strong regional and local brands.

In 2017, Jacobs Holding acquired Swiss Smile - a premium dental chain with a well-known brand and an award-winning patient experience in Switzerland.

In the same year, Jacobs Holding also acquired a majority stake in Odontosalute, a large dental chain in the northeast of Italy and also entered the UK by acquiring Southern Dental, the third largest dental chain.

Jacobs Holding added two Finnish dental care providers in 2018: Oral Hammaslääkärit (a leading provider of dental care in the country) and the private oral health operations of Med Group.

In 2019, Jacobs Holding entered Germany, Europe's largest & least consolidated dental care market through a unique organic growth strategy.

Expansion into the United States: In August 2019, Jacobs Holding acquired North American Dental Group (NADG). NADG is known for its differentiated partnership model which mirrors the benefits of practice ownership for high-performing dentists. With the acquisition of NADG, Jacobs Holding creates the first transatlantic dental group, achieving further scale advantages and expertise sharing between continents.

Operational improvements: Since the first acquisitions, Jacobs Holding has focused on improving patient care and placed strong emphasis on integration, not only to maximize the financial benefits of M&A, but also to provide a more stable base on which to drive further consolidation, both in existing and new markets. Besides efforts to centralize procurement, professionalize M&A efforts and install a KPI-driven performance culture, Jacobs Holding has underscored the goal of becoming the employer of choice in the dental industry.

Today: Jacobs Holding's dental platform is estimated to have a combined revenue close to US\$1 billion and more than 500 dental practices.

Patrick De Maeseneire, CEO of Jacobs Holding said: "Jacobs Holding is well on its way to becoming a global leader in dental care, with a broad footprint across the most attractive segments of the largest dental markets in the world. With a long-term strategic vision and dentistcentered approach, Jacobs Holding is becoming the partner of choice in the industry. We are excited about the journey ahead and confident in our ability to create value for patients, communities, dentists, and shareholders."

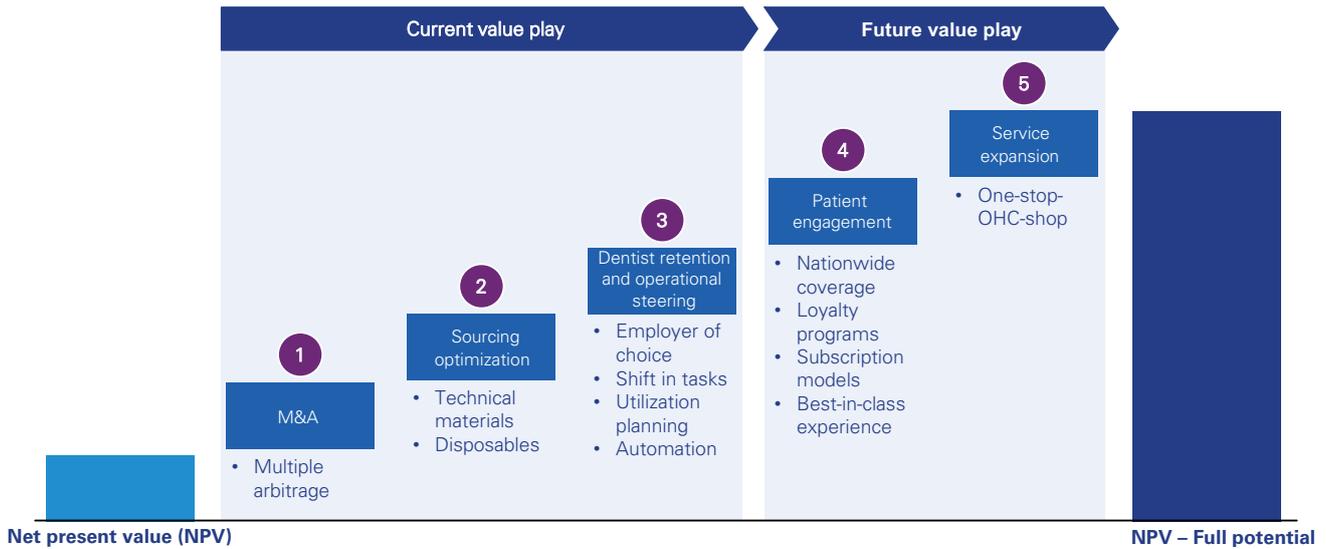
The future DSO value play

Value creation beyond a consolidation strategy

Executing a buy-and-build strategy and realizing operational benefits are still the most commonly executed strategies for value creation. This along with a focus on sourcing and personnel cost optimization largely explain the current value play focus for DSOs. However, going forward, long term value creation strategies should center around patient engagement in order to realize full potential in the increasingly competitive market.



Figure 5: DSO value levers



1 Multiple arbitrage remains a key value lever as it allows for the acquisition of smaller practices at relatively lower multiples, form a chain and sell at a higher multiple that includes a size premium. The increased attention to the dental industry by a wide variety of (financial) parties has however resulted in increasing multiples, for both small and large practices. Partly due to this increase and also due to mixed results in the past, parties have become more critical and no longer look at every available practice as a potential target, but evaluate practices on multiple aspects such as: size of patient base, current dentists employed and long-term relations with those dentists, integrability with existing practice base, etc.

2 As exit returns that are directly attributable to multiple arbitrage are becoming more difficult to realize in most geographies, the importance of realizing operational benefits in the value creation process increases. An important part of these operational benefits comes from the insourcing of laboratory or technical work. While consolidation potential in dental labs is still plentiful, technological advancements (e.g. 3D milling and printing in practice and automation technologies) are likely to significantly impact the current industry and as such, the future of dental labs looks rather bleak as a sizeable part of the current craftsmanship can be replaced.

3 While in the future we advocate a gradual shift from the dentist-patient relationship towards the practice-patient relationship, today the dentist-patient relationship is still very important to patient retention. In the short- to medium-term, DSOs must therefore focus strongly on being the employer of choice to dentists and other

key personnel. In addition, operational efficiencies can be realized through, for example, prevention-focused KPI steering, improved utilization planning and task reallocation between dentists and hygienists.

4 Given the current market dynamics, a successful consolidation play should focus on sustainable, long-term value, which can be realized through improving the quality of revenues and earnings of a DSO. Sustainable, long-term value requires making strategic decisions around the business model, given the importance of trust in healthcare and patient centricity, which is pivotal to patient engagement. Patient retention is an important method to enhance the value of the patient base. Usually, patients leave if they move to another place or if their dentist leaves the practice, making nation-wide coverage and more loyalty to the practice, as opposed to just the dentist, more important.

5 DSOs should aim to engage with the patient and develop trust at the organizational level, not solely resting on the individual dentist-patient relationship. Patients should therefore experience a connection and sense of trust throughout their interactions with a DSO. A bespoke dental patient pathway designed around the needs of the DSO's specific demographical audience should enable this shift towards an improved trust-based relationship. We believe that regular interactions in combination with transparency and quality of service are key levers to realize this. Additionally, technology is expected to play a key role in supporting patient engagement with the DSO by digitalization of the patient care pathway.

Various leading DSOs are increasingly adopting innovative digital solutions and software to develop a sustainable relationship with their patients.

Hence, we believe that a step-up in the recurring revenue base can be realized through a broader and optimized patient care pathway that effectively leverages technology and goes beyond traditional in-practice care by focusing on out-of-practice engagement as well. This improves the overall patient experience, visit frequency and loyalty, and ultimately leads to improved oral health which benefits patients, dentists, payers and the wider healthcare system.

There are three distinct building blocks of the patient care pathway: prior to visit, in-practice care by different specialized dental professionals and continuous (self) care at home. An integrated client approach across those building blocks can improve the overall patient experience, enabled by several technological enhancements.

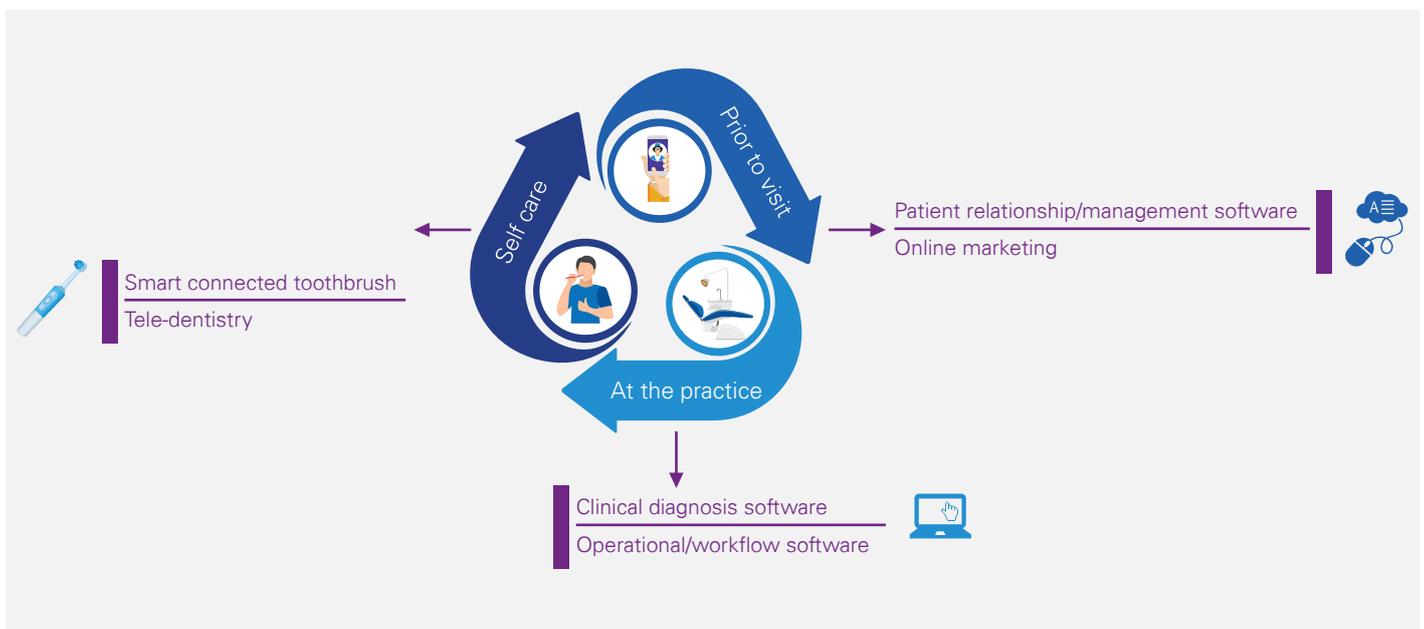
While optimizing the patient care pathway, DSOs can explore options to move towards introducing innovative payment models (i.e. subscription or value-based) to reduce churn and improve the attitude of the patient towards the DSO. Patients meanwhile benefit from improved oral health and on-demand specialized service.

Optimizing in-practice care is still the most important method to improve the patient experience and overall oral health of patients, while simultaneously creating value. It remains important to have a stable dental professional-patient relationship to drive patient loyalty. However, practice differentiation and improved patient loyalty can be achieved by engaging with patients out of the practice as well, both prior to and after their visit, by effectively leveraging technology.

Effective utilization of available technology can play a pivotal role in engaging with patients out of the practice in order to improve patient loyalty.

Most practices today use a combination of different technical solutions for dental practice management, practice marketing and advertising, patient relationship management, communication and data sharing. A number of key providers such as RevenueWell, Curve Dental and Dentrix provide integrated software solutions to support one or more of these activities. DentrixAscend, for example, is a cloud-based solution for dentist practice management offering tools for practice performance, clinical charts, patient reports, imaging workflows, task automation, imaging, insurance claim processing and tracking, as well as patient scheduling.

Figure 6: Patient care pathway





In-practice care by the dental professional

Traditionally, the main focus for dental professionals has been the periodic provision of care and cure in the dental practice. Although differences exist between countries, dental care provision was mostly related to cure and to a lesser extent on prevention. Driven by changing payer and customer preferences, recently the focus is moving towards preventative treatments and aesthetic treatments. Most DSOs have been quick to pick up on the increased focus on prevention, which is mutually beneficial for the patient and the DSO. It leads to improvement of general oral health, reduced risk of secondary health problems and savings in the long term by reducing the need for fillings, root canals and other emergency dental treatments. DSOs benefit from an increased frequency of visits and increased profitability as the execution of preventative treatments can be done by (prevention) assistants and dental hygienists, allowing dentists to focus on complex, high-value treatments. A DSO can also make deliberate strategic choices regarding its treatment mix. Technological advancements have, for example, improved the access to orthodontics with the introduction of clear aligners, which – based on growth of several players such as SmileDirectClub and Invisalign in the US – seem to have successfully addressed a latent patient demand. The mix of these treatments and the experts performing them provide optimization opportunities and can be an important value lever.

Technological advancements have provided DSOs with tools that allow for optimal chair time utilization and patient scheduling, but can also improve patient care and engagement. For example, Promaton, an Amsterdam-based start-up, has developed an AI-enabled software that allows for automated diagnostics, which can greatly improve the consistency of care. Similarly, the use of intra-oral scanners by dentists provides them with enhanced insight into patients' oral health, as it allows for more

complete, accurate and higher resolution monitoring. It helps dentists to identify dental conditions sooner given the short scan turnaround time and implement preventative treatment plans. With the accompanying software, visualizations of a patient's teeth are created but also treatment outcomes can be simulated. Visualizations can improve case acceptance and increase patient engagement, ultimately improving patients' oral health.

Practice management software solutions and platforms like those developed by Dentrix, Curve Dental, RevenueWell and Ace Dental allow practices to monitor goals and analyze performance using KPIs, analytics and business intelligence to help them improve patient care, as well as their bottom line and overall operations. Some offer additional integrated functionalities including solutions for scheduling and appointment confirmations, tracking insurance plans and claims, creating treatment plans, recording progress reports, maintaining exam records, managing treatment plans, billing and payments processing, ePrescriptions, etc.

Other solutions aim to improve clinical care efficiency with tools for charting (record of teeth and gum condition), treatment planning and patient progress, with examples of leading providers including Dentrix and Curve Dental. For example, Dentrix Smart Image allows users to connect clinical and billing processes into one workflow. It uses the diagnostic images to automatically associate them with the correct treatment code for accurate billing and displays them in the patient chart, thereby saving time spent on manual entry. The Dentrix 3D clinical chart enables records of all procedures on multiple tooth surfaces providing a three-dimensional model view with functionality for image manipulation, measurement tools and generation of presentations based on treatment plans.



Case study: How Promaton uses AI for diagnostics and automation

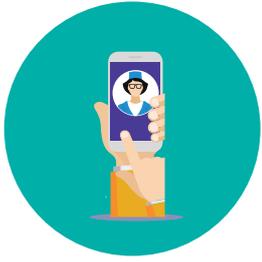
Promaton is a Netherlands-based startup delivering B2B solutions for dentistry automation using artificial intelligence (AI). They use deep learning AI for improved dentistry diagnostics, treatment workflow automation and image enhancement to turn imaging data into clinical insights. Dental companies benefit from improved accuracy and efficiency.

Promaton currently focuses on supporting diagnostics and automating treatment planning with two key offerings: Promaton Apox and Promaton 3D.

Promaton Apox provides AI driven image analysis and diagnostic aids which can identify nearly all dental structures for automatic detection and reporting which results in a reduced diagnostic error rate and standardized detection (e.g. automatic detection of carious lesions, alveolar nerves, root canal fillings, etc.).

Promaton 3D enables the creation of automated 3D digital visual models based on dental scans. These digital 3D representations of patients effectively automates a major part of the treatment plan, which saves time for dentists, who only need to review and fine-tune the treatment plan that was suggested by the system. Furthermore, the application provides functionality for multi-data alignment based on specific scans enabling the automation of treatment workflows for orthodontics, implantology and maxillofacial surgery, which results in significant time savings on tasks such as implant or orthodontic planning.





Prior to and after visit(s) – patient relationship and marketing management

Prior to and after a patient's visit, DSOs can differentiate themselves through innovative patient engagement methods when it comes to appointment planning and reminders, online visibility and referrals, payment solutions and automated patient communication. Technology solutions can play a pivotal role in streamlining the patient relationship and marketing processes.

Appointment planning and reminder software solutions such as Picktime, Solutionreach, LocalMed, NexHealth and SimplyBook.me can automate front office functions and improve patient experience, practice utilization and efficiency. Appointment reminders can be automated to change the name, date and time for an individual patient and can come in the form of customizable text messages, pre-recorded phone calls and email alerts. Advanced planning and reminder tools allow the patient to confirm, reschedule or cancel an appointment and the schedule of the dental professional is linked to the software package. Treatment plans can be shared automatically between dental professionals, with receptionists for appointments and with patients. Ultimately, these tools not only allow for more frequent communication with patients but also benefit the dental practice as it limits no-shows and the number of 'empty slots' during the day.

Additionally, in dentistry, brand image is becoming increasingly important as it is often the first impression that a (potential) patient will have of a DSO. Prospective patients will use online platforms to search for a dental

practice and compare online reviews. Online presence can range from active online marketing efforts such as website development, social media marketing, search engine optimization (SEO), targeted ads and listings, to content marketing through presence on an independent review website, periodic newsletters or relevant blog posts. Automated review requests after appointments, referral options and online advertisements can help DSOs to optimize their brand image. Once a strong brand image - supported by a strong oral healthcare formula - is established, local and targeted online advertisements should significantly influence patient inflow as we have observed in other healthcare segments. An increasing number of dental practices are aware of the importance of dental marketing and advertising platforms that enable a multi-channel approach for growing the practice and reaching a larger audience, while raising awareness of the brand and practice. PatientPop is a key provider of digital dental marketing and advertising solutions. On the other hand, reputation or review management solutions such as those from Dentrax and BirdEye enable dental practices to monitor, track and compare their patient feedback reviews, social media presence, ratings, website visitors, etc. Additionally, some solutions like the Dovetail platform also provide solutions for communication and collaboration between dental professionals, as well as simplifying the patient referral process between dentists and specialists with tool functionalities including live chats, sharing patient information and exam records, etc.



Continuous (self) care at home

Good oral health is mostly the result of a patient's own discipline towards his or her own daily oral health regime. Dental professionals directly engage with a patient only 1-2 times per year but can play an important (indirect) role in their patient's daily routine. Currently, there is limited contact between the patient and the DSO outside the dental practice but here too, technological developments enable innovative patient engagement methods. The most profound examples on the market that improve the dental practitioner's influence in out-of-practice care are tele-dentistry (e.g. online consultation) and smart devices (e.g. connected toothbrush). Tele-dentistry and smart devices can even be combined to monitor the patient's oral health and create new insights, which can benefit patients, dental professionals and payers.

Tele-dentistry enables the dental professional to remain in contact with the patient outside the practice and increases access to dental care for people who live remotely or are less mobile. Tele-dentistry covers online consultations and education (e.g. sharing detailed brushing regimes to optimize treatment outcomes) which can be

accessed via a computer or smartphone and ideally are connected to the practice management software and patient file. DSOs can utilize tele-dentistry applications to follow up on treatment plans and respond to ad hoc requests. Tele-dentistry services potentially allow for an additional revenue stream and do not necessarily need to be executed by a dentist. Tele-dentistry pioneers such as SmileDirectClub are already utilizing tele-dentistry effectively, especially in orthodontic treatments using clear aligners.

In addition, an electric toothbrush can also be turned into a smart device that can provide insights to dental professionals, patients and insurers regarding a patient's brushing routine. When accessible to a dental professional, this information can be used to guide and monitor the brushing behavior (through tele-dentistry). It also provides dental professionals with a more complete overview of a patient's oral health when he or she visits the practice. Currently, there are a few smart toothbrushes on the market that make it possible to remotely monitor brushing behavior and oral health status.



Case study: Philips Sonicare connected toothbrush and partnerships with dental insurers

Philips offers connected rechargeable toothbrushes (such as the Sonicare DiamondClean Smart) which includes, removable brush heads, sensors, Bluetooth connectivity, and mobile app integration to provide performance reports on brushing compliance and quality. It provides personalized coaching and guidance from smart sensors, gives feedback on brushing technique (e.g. warns users when they are brushing too hard and offers location sensing to guide users towards missed areas). The connected offering also includes personalized modes for gum health, deep clean, sensitivity, and whitening. In order to provide convenience, Philips also offers automatic brush head replenishment services so that users can change their brush heads at the recommended intervals. Philips claims to improve oral health with electric toothbrushes (superior to a manual toothbrush) through better plaque removal, healthier gums, and stain removal. The connected solution further enhances brushing compliance, which is key to preventative oral health at home.

Philips is now leveraging their connected solution to partner with insurers in some countries (e.g. Delta Dental in the US) to drive oral health outcomes and lower the cost of professional care. Users enrolled in these insurance plans share their brushing data to demonstrate their brushing compliance and receive incentives to reward their behavior. Philips is also partnering with US-based insurers to target high-risk patient populations (e.g. people with diabetes) to drive oral health awareness and preventative care given that oral health is increasingly being linked to systemic health. The company also has a similar partnership with ONVZ, a health insurer in the Netherlands, where a connected electric toothbrush is offered as part of an insurance plan to track and reward brushing compliance.

Philips has also launched a teledentistry solution in the US and Europe to provide affordable access to care for consumers. Consumers are guided through an app to take photos of their dental concerns and these photos are sent to a dentist for assessment. They then receive a comprehensive dental report within 24 hours without having to visit a dentist office.



Innovative payment models

The care pathway is at the centre of the patient experience and, when done right, leads to a sustainable and valuable patient base. However, a non-traditional payment model option can enhance the relationship with the patient even further and increase visit frequency. Traditionally, the payment model in dentistry is based on a price times quantity model (for example, a fee per treatment and/or time spent per patient). Some DSOs differentiate themselves by offering an innovative subscription-based payment model with a fixed number of treatments in order to attract and retain patients. The payment model is an overlooked step in the customer experience that can be effectively used to strengthen the relationship with patients. In countries where a large part of the population has dental insurance coverage, alternative payment models are most likely to be developed by insurers (i.e. value-based). In countries with a large share of out-of-pocket expenses, there is significant potential for DSOs to provide alternative payment options to improve the patient experience and hence, patient loyalty and visit frequency.

In the US, for example, DSOs have started to offer subscription-based models to their patients, partly driven by the limited insurance coverage. A subscription model could imply that for a fixed price per year, a member patient receives two check-ups and one x-ray and when additional treatments are required, they are offered a discount on the regular price for non-members. A large variety of options that best reflect the most valuable treatment mix history of their patient base can be chosen by the DSO. A subscription model will benefit both the DSO and the patient. Patients will receive regular oral healthcare at an affordable price and in the long term will recognize the value of good oral health, which gives them less incentive to switch to another dentist. DSOs also benefit from this, as it increases visit frequency and patient loyalty. This model becomes even more attractive if a DSO has national coverage in order to aim for a life-long relationship with the patient, enabling maximum patient retention.



In countries with high dental insurance coverage, outcome-based models can be considered by insurers. For example, with the smart toothbrush, the quality of the brushing routine can be monitored, and a discount or bonus scheme can be put in place depending on the patient's brushing behavior or general oral health regime.

New innovative subscription-based models for the dental industry include cloud-based software such as Klear, which allows DSOs to design and manage their membership plans by defining their prices and discounts. The startup, Quip began as a subscription-based electronic

toothbrush service and has evolved to offer dentists an option to join their platform Dental Connect to link with Quip's subscribers. Quip launched a dental insurance alternative that allows users to purchase dental care at pre-negotiated rates from dentists in the Quip network and schedule appointments through the mobile app, providing a more transparent system to buy dental care. Quipcare is free for the consumer and there is also a more premium option called QuipCare+, which offers preventive oral care services like annual dental checkups and professional dental cleaning at a fee of US\$ 25 per month.



Conclusion

The European and US dental industry will remain a focus area for investors in the coming years. Multiple arbitrage is likely to deliver less returns compared to five years ago, so DSOs and investors will need to look for organic value creation options for sustained organic growth.

Dentistry being a primary healthcare service is largely based on trust between the patient and the provider. Sustainable value can only be created when patients trust the organization, as trust lies at the center of any healthcare business. We believe that sustainable value in DSOs is created when trust goes beyond the patient-dentist relationship and is connected to broader elements of the DSO (other personnel, brand reputation, care formula, communication platform, etc.).

In the future, success is likely to be achieved by DSOs that are able to embed a culture of patient lifetime engagement throughout the organization and central to the core foundation as part of their DNA. DSOs have to clearly define their strategic vision and ambition in order to achieve long-term sustainable growth.

In order to develop a lifelong relationship with the patient, DSOs need to focus on designing patient pathways leveraging the technological tools at their disposal that provide broader patient engagement, resulting in best-in-class care and optimal service for a truly loyal and valuable customer base.



Figure 7: Major M&A activity 2017-2019

Year	Target company	Type	Country	Region	Bidder	Bidder type	Bidder is PE/ PE-owned
2019	Access Dental Management	Dental Clinic	US	North America	Surge Private Equity, LLC	Private Equity	Yes
2019	Jax Multispecialty Dental Centerx	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	Kaye Dentistry, PLLC	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	East Texas Dental Group, LLC; SDG Professional Alliance, LLC	Dental Clinic	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	Scarsdale Oral Surgery, P.C.	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	North American Dental Group, LLC	Dental Services	US	North America	Jacobs Holding AG	Private Equity	Yes
2019	AppleWhite Dental, LLC	Dental Services	US	North America	CORDENTAL Group	Advisory Firm	Yes
2019	Oral Surgery Partners MSO, LLC	Dental Clinic	US	North America	Sheridan Capital Partners	Private Equity	Yes
2019	North Buffalo Dental Group	Dental Clinic	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	Grove Dental Group	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes
2019	DDS Dentures + Implant Solutions	Dental Services	US	North America	Affordable Care, Inc.	Dental Services	Yes
2019	Dr. Dental Management, LLC	Dental Services	US	North America	ABRY Partners, LLC	Private Equity	Yes
2019	Convenient Family Dentistry Burton, P. C.	Dental Clinic	US	North America	North American Dental Group, LLC	Dental Services	Yes
2018	Rose Dental Group, PLLC	Dental Services	US	North America	MBF Healthcare Partners	Private Equity	Yes
2018	Children's Choice Pediatric Dental Care	Dental Services	US	North America	Amulet Capital Partners LP	Private Equity	Yes
2018	Heartland Dental Care, Inc.	Dental Services	US	North America	Kohlberg Kravis Roberts & Co. L.P.	Private Equity	Yes
2018	Kids Care Dental Group	Dental Services	US	North America	RiverGlade Capital, LLC	Private Equity	Yes
2018	TF Dental Group	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes

Year	Target company	Type	Country	Region	Bidder	Bidder type	Bidder is PE/ PE-owned
2017	Redwood Dental, PC	Dental Services	US	North America	Silver Oak Services Partners, LLC	Private Equity	Yes
2017	A+ Dental Care; OneSmile Silicon Valley	Dental Clinic	US	North America	Smile Brands, Inc.	Dental Services	No
2017	Signature Smiles	Dental Services	US	North America	Redwood Dental, PC	Dental Services	Yes
2019	Dental Care Group, Ltd.	Dental Clinic	United Kingdom	Europe	G Square Healthcare Private Equity, LLP	Private Equity	Yes
2019	Mondzorg voor Zorginstellingen BV (80% Stake)	Dental Clinic	Netherlands	Europe	European Dental Group	Dental	Yes
2019	Total Dentalcare Group	Dental Clinic	United Kingdom	Europe	Bupa Dental Care	Dental Clinic	No
2019	Houston Dental Group	Dental Clinic	United Kingdom	Europe	Alliance Dental Care Limited	Dental Clinic	No
2019	Fresh Tandartsen Holding B.V.	Dental Clinic	Netherlands	Europe	Living Bridge, LLP	Private Equity	Yes
2019	Vitaldent	Dental Clinic	Spain	Europe	Advent International Corporation	Private Equity	Yes
2019	Primo Group, S.p.A.	Dental Clinic	Italy	Europe	EQUITA S.I.M. S.p.A; Aksia Group SGR S.p.A.	Consortium	Yes
2019	Medidental SRL	Dental Clinic	Italy	Europe	Primo Group S.p.A.	Dental Services	Yes
2018	Health Gestion S.L. (17 dental clinics)	Dental Clinic	Spain	Europe	Clinicas Vivanta, S.L.U.	Dental Services	Yes
2018	Hesira Group Limited	Dental Clinic	United Kingdom	Europe	Nordic Capital; Ares Management, LLC	Private Equity	Yes
2018	Portman Healthcare Limited	Dental Services	United Kingdom	Europe	Core Equity Holdings Limited	Private Equity	Yes
2018	Excent Tandtechniek	Dental Services	Netherlands	Europe	European Dental Clinic Group	Dental Services	Yes
2018	Zahnstation GmbH	Dental Clinic	Germany	Europe	Nordic Capital	Private Equity	Yes
2017	Samenwerkende Tandartsen Nederland	Dental Clinic	Netherlands	Europe	DentConnect	Dental Services	Yes

Year	Target company	Type	Country	Region	Bidder	Bidder type	Bidder is PE/ PE-owned
2017	Instituts Odontologics Associats, S.L.	Dental Services	Spain	Europe	Ares Management, LLC	Private Equity	Yes
2017	Oral Care AB	Dental Services	Sweden	Europe	Accent Equity Partners AB	Private Equity	Yes
2017	DentalPro Spa (85% Stake)	Dental Services	Italy	Europe	BC Partners Limited	Private Equity	Yes
2017	Oral Hammaslaakarit Plc	Dental Clinic	Finland	Europe	Colosseum Dental Group	Dental Clinic	Yes
2017	Avsan Holdings Limited	Dental Clinic	United Kingdom	Europe	Bupa Dental Services Limited	Dental Services	No
2017	Curaeos B.V.	Dental Services	Netherlands	Europe	EQT Partners AB	Private Equity	Yes

Source: Mergermarket

Figure 8: Major M&A activity, largest deals since 2005

Year	Target company	Type	Country	Region	Bidder	Bidder type	Bidder is PE/PE-owned	Deal value \$mn
2017	Oasis Healthcare Limited	Dental Clinic	United Kingdom	Europe	Bupa Finance plc	Healthcare Consortium	No	1,034
2010	Compania de Seguros Adeslas SA (54.79% Stake)	Dental Services	Spain	Europe	Criteria Caixa, S.A.U.	Investment Group	No	1,033
2015	Aspen Dental Management, Inc.	Dental Services	US	North America	American Securities, LLC	Private Equity	Yes	950
2010	Compania de Seguros Adeslas SA (45% Stake)	Dental Services	Spain	Europe	Criteria Caixa, S.A.U.	Investment Group	No	738
2011	IDH Group Limited; Associated Dental Practices Limited	Dental Services	United Kingdom	Europe	Carlyle Europe Partners III LP; Palamon European Equity II, L.P.	Private Equity	Yes	654
2010	Aspen Dental Management, Inc.	Dental Services	US	North America	Leonard Green & Partners, L.P.	Private Equity	Yes	548
2012	Western Dental Services, Inc.	Dental Services	US	North America	New Mountain Capital, LLC	Private Equity	Yes	500
2017	DentalPro Spa (85% Stake)	Dental Clinic	Italy	Europe	BC Partners Limited	Private Equity	Yes	420
2006	Western Dental Services, Inc.	Dental Services	US	North America	Citi Venture Capital International	Private Equity	Yes	410
2019	DDS Dentures + Implant Solutions	Dental Services	US	North America	Affordable Care, Inc.	Dental Services	Yes	350
2005	Smile Brands	Dental Services	US	North America	Freeman Spogli & Co	Private Equity	Yes	340
2013	Oasis Healthcare Limited	Dental Clinic	United Kingdom	Europe	Bridgepoint Advisers Limited	Private Equity	Yes	280
2006	Affordable Care, Inc.	Dental Services	US	North America	American Capital, Ltd.	Private Equity	Yes	247
2009	Associated Dental Practices Limited	Dental Clinic	United Kingdom	Europe	LDC (Managers) Limited; Palamon Capital Partners LP; AlInvest Partners B.V.; Morgan Stanley Alternative Investment Partners LP	Private Equity	Yes	226

Year	Target company	Type	Country	Region	Bidder	Bidder type	Bidder is PE/PE-owned	Deal value \$mn
2007	Oasis Healthcare Limited	Dental Clinic	United Kingdom	Europe	Duke Street Capital Oasis Acquisitions Limited	Private Equity	Yes	221
2006	The James Hull Group Limited (40% Stake)	Dental Services	United Kingdom	Europe	Hutton Collins Partners, LLP	Private Equity	Yes	171
2014	Gentle Communications, LLC	Dental Clinic	US	North America	Audax Private Equity Group	Private Equity	Yes	120
2009	The James Hull Group Limited (30% Stake)	Dental Services	United Kingdom	Europe	Ardian	Private Equity	Yes	101
2007	Metro Dentalcare	Dental Services	US	North America	American Dental Partners, Inc.	Dental Services	Not at the time JLL Partners since 2011	97
2016	AB Holding Spa	Dental Clinic	Italy	Europe	DentalPro Spa	Dental Clinic	Yes	90
2014	Oral Hammaslaakarit Plc	Dental Clinic	Finland	Europe	CapMan Plc; Renideo Group Oy	Private Equity	Yes	86
2015	DentalPro Spa	Dental Clinic	Italy	Europe	Summit Partners, LLP	Private Equity	Yes	63
2008	Excent Tandtechniek (60% Stake)	Dental Clinic	Netherlands	Europe	Friesland Bank Investments BV; De Hoge Dennen Capital PE BV	Private Equity	Yes	63
2019	Grove Dental Group	Dental Services	US	North America	North American Dental Group, LLC	Dental Services	Yes	42
2019	Access Dental Management	Dental Clinic	US	North America	Surge Private Equity, LLC	Private Equity	Yes	30

Source: Mergermarket

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