

Why thousands of pediatric specialists have quietly partnered with IDSOs

Chip Fichtner discusses the benefits of a large silent partner

Over the last 5 years, thousands of pediatric specialists have quietly partnered with Invisible Dental Support Organizations (IDSO). An IDSO becomes a doctor's silent partner by buying 51% to 80% of a practice for cash up front at today's low tax rates. Doctors remain as owners, with their brand, team, and full autonomy for years or decades. Practice performance can be enhanced, and the upside in a doctor's retained ownership can be far greater than competing alone.

IDSO partner practices benefit from the resources of a larger silent partner to reduce the administrative burdens of banking, payroll, accounting, benefits administration, compliance, credentialing, tax, and legal. Doctors can also access 30% lower costs on supplies. And many practices today benefit from their partner's professional, full-time recruiting and marketing teams.

While there are now almost 1,000 IDSOs and DSOs in the U.S., in the last 3 years, many new dental trifecta IDSOs have been created to focus solely on pedodontics, orthodontics and OMS practices in the same regions. They are competing with pedodontists/orthodontists, multispecialty, and GP IDSOs for great pediatric practices nationally. In an LPS process, values are achieving new records, often with six or more eager, qualified bidders from which doctors can choose the right partner.

Tens of thousands of practices have quietly partnered with IDSOs over the last 35 years in all 50 U.S. states. Some may have only a few practice partners and others over 700. Their size also gives them leverage in payer negotiations and team benefit costs not available to independent dentists.

IDSOs are eager for growing pediatric practices with at least \$1.5 million in collections, and the younger the doctor, the more valuable the practice. In LPS' \$1.0 billion of completed IDSO partnerships in the last 24 months, over \$150 million have been for doctors in their 30s.



Chip Fichtner, Co-founder of Large Practice Sales which completed over \$1.0 billion of IDSO partnerships in 2022 and 2023. Over the past 40 years, he has built, bought, and sold public and private companies in a variety of industries, and has been featured in numerous media outlets. His tolerant wife of 34 years allows him to live on his airplane visiting clients every week.



The IDSOs act as a doctor's silent partner. Their goal is to support a practice, not to micromanage it or homogenize a practice to meet some corporate standard. Doctors retain full autonomy, not just clinically, but also in how they hire, fire, and lead their teams. Supply, labs and payers accepted decisions are made by the owner doctor, not the IDSO.

Ultimately, the IDSO can also provide doctors with a known exit strategy for retirement, years or decades in the future. Thousands of doctors have experienced dramatic increases in the value of their retained ownership over time. Some have experienced equity increases of 300%, 500%, 1,000%, or more when they selected the right IDSO partner.

Doctors today should understand the potential value of their practice in an IDSO partnership. Values achieved by LPS are often twice what a practice might achieve in a doctor-to-doctor sale or associate buy-in. Doctors who own their real estate also have two great options. They either have an AAA credit tenant for decades, or due to their new IDSO tenant, the value of the real estate increases in a sale to a Real Estate Investment Trust (REIT) now or in the future. **PD**



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