



Perspectives on Emerging Trends in Dental Technology

H2 2023

Dentistry and Dental Technology: Observations & Key Trends

The \$136B+ dental market is growing 6%+ annually and has garnered far-reaching investor interest¹

Broad Dentistry Themes

Market Tailwinds

- › Platforms are investing time and effort in specialization as a means to differentiate themselves amid a competitive DSO (Dental Support Organization) environment, often leading to the formation of multispecialty ecosystems that generate better-than-market growth and profitability
- › Clinical staff retention has been difficult in the tight labor market and continues to be a focus for most dental businesses
- › Payer negotiations have remained challenging for dental platforms, as payer rate increases have lagged behind labor/wage inflation and other input costs within these businesses, and generally just take time to work their way through the systems

Accelerating Investor Momentum

- › With 100+ PE-backed DSO platforms today, the DSO model has proven to be highly effective in supporting dentists in a challenging operating environment while providing investors with tangible growth vectors to create long-term value
- › DSOs continue to see rising popularity among dental professionals but still maintain substantial room for further expansion via consolidation, professionalization, and consumerization

Key Dental Technology Sector Dynamics

Opportunities to Optimize Dentistry Through Technology

- › An increased focus on patient satisfaction has heightened competition in the dental services market, as providers hustle to implement technology solutions that drive patient engagement and loyalty, but also minimize administrative burden
- › Lackluster patient volume trends resulting from the pandemic are a thing of the past, but providers with full schedules can leverage technology to improve operational and clinical workflows
- › Staffing shortages and spikes in dentist retirement rates have accelerated the need for technology solutions that maximize value for both the patient and the provider

Key Investor Focus Areas

- › Investors in the sector are focused on sustainable business models that support operational scalability and improve the overall patient experience
- › Investor demand for solutions that drive patient acquisition and satisfaction while improving quality of revenue and minimizing overhead costs is compounding across the dental landscape

Supportive Trends in the DSO Market

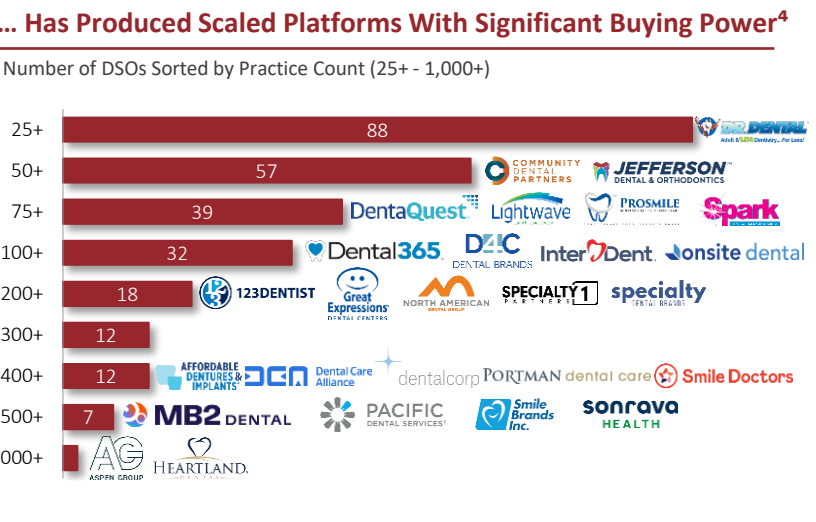
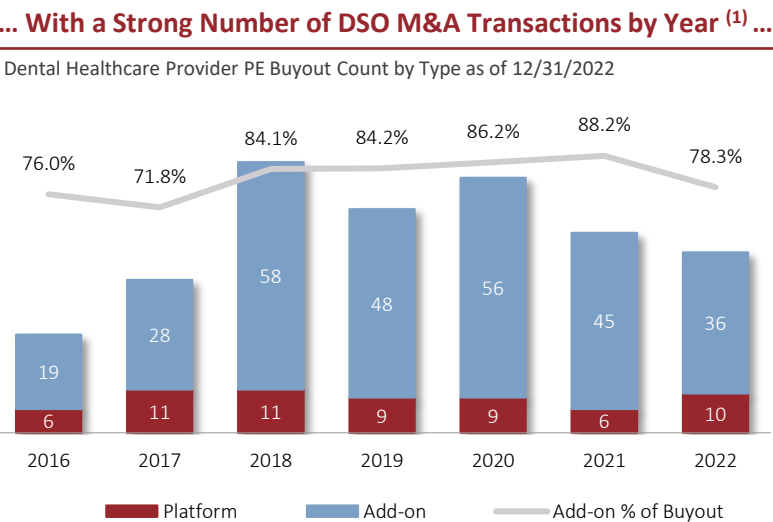
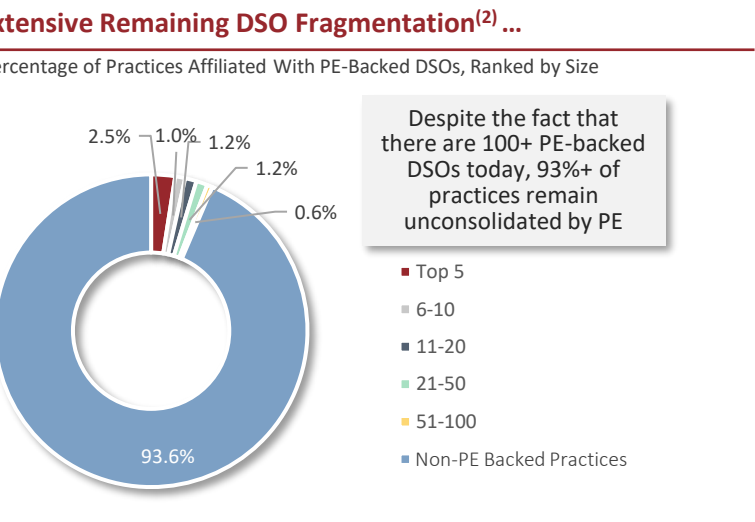
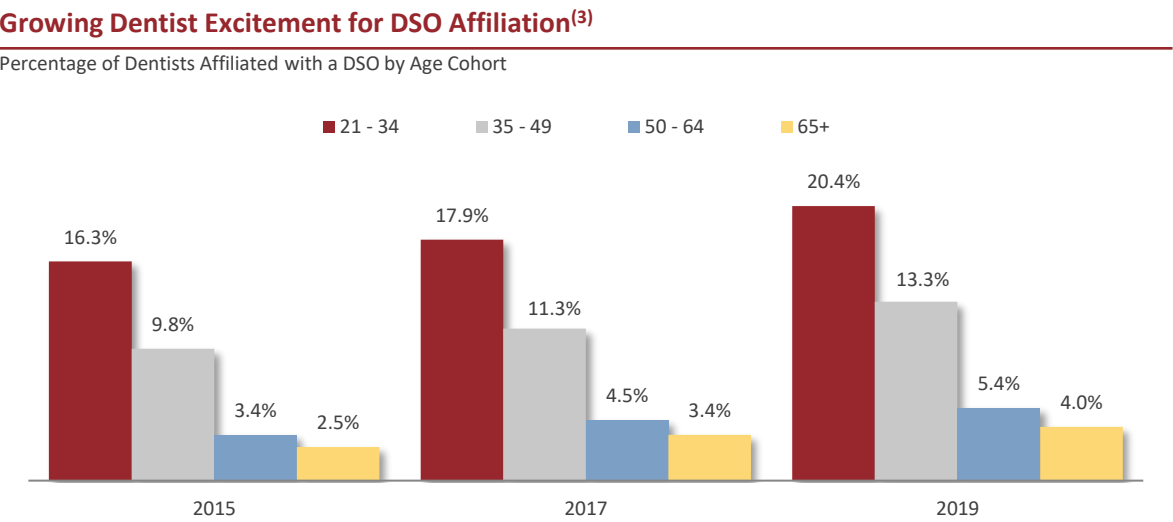
Technological advancement in dentistry is underpinned by significant momentum and private equity consolidation within the DSO market

Reasons Why Investors Love DSOs

- Fragmented market with significant consolidation opportunity remaining
- Opportunity to add specialties and ancillary services in dense markets
- Healthcare-lite reimbursement profile relative to other physician practice management models
- Highly recession resistant demand with proven ability to recover from pandemic

Reasons Why Dentists Love DSOs

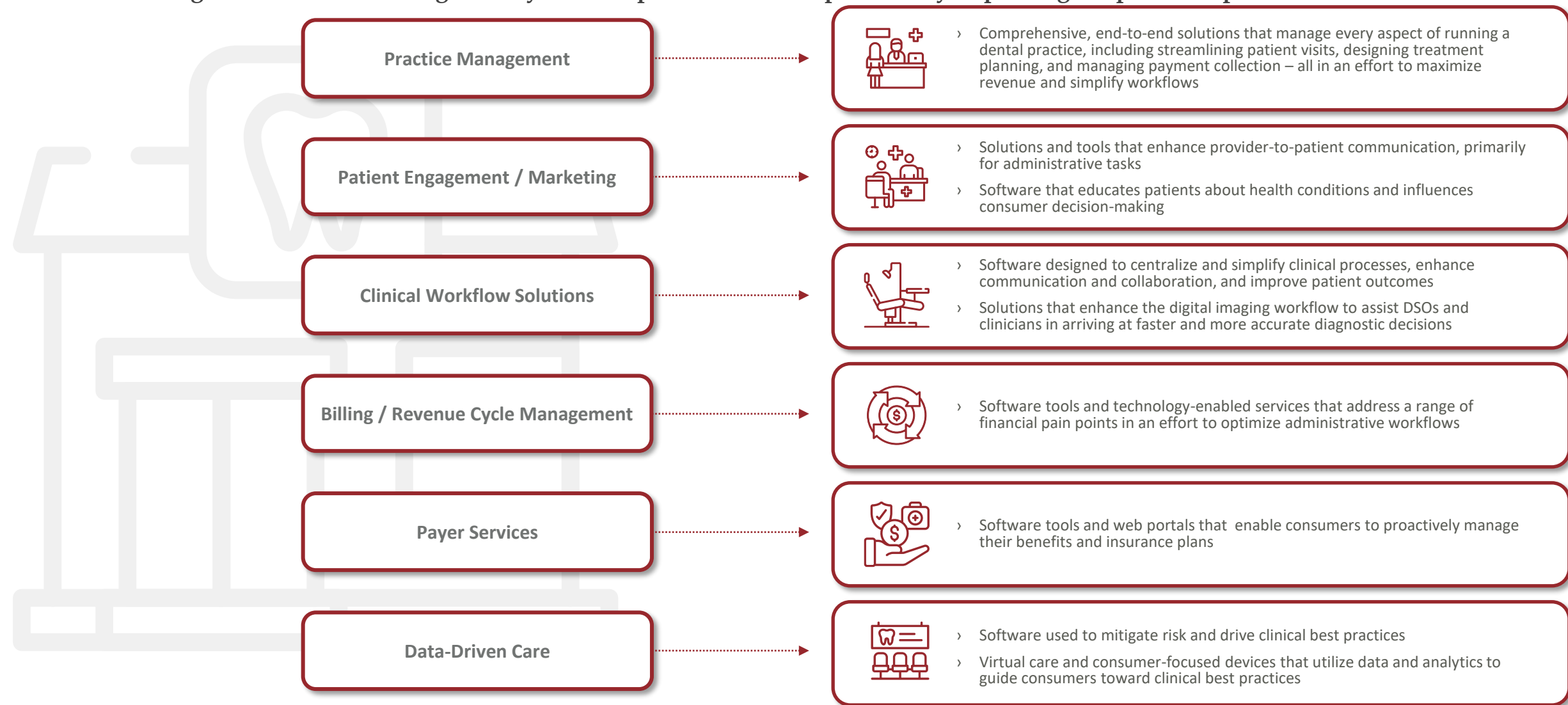
- Focus on patient care; significantly reduced administrative burden
- Ability to overcome significant debt burdens out of school
- Access to greater talent pool
- Opportunity for greater equity appreciation as part of scale platform



1) Pitchbook
2) Harris Williams Analysis
3) Stax
4) Note: Logos are representative and do not depict the entire HW internal data set

Leveraging Technology Across the Dental Landscape

Modern technologies are revolutionizing the way dentists provide care and profoundly improving the patient experience



Spotlight: Practice Management Software

Specialized clinical management tools are essential in today's dentistry market with cloud-based practice management software leading the way

Appointment Scheduling

- › Utilize custom schedule views to create accounts and post charges directly from the schedule, leverage data to benchmark average appointment length, and utilize intelligent caller ID when speaking with patients over the phone

Patient Portal

- › Give patients instant access to their health information, allow providers and patients to exchange HIPAA-compliant messages, and send automated and customized appointment reminders via text, email, and phone

Patient Records

- › Utilize integrated digital software to view demographic, insurance, clinical, and ledger information in a single view to create data-driven treatment plans



Administrative & Billing

- › Manage and process credit and debit card payments quickly, create and send billing statements, view patient balances and payment status line by line, and accelerate payment collection from insurance carriers and patients

Insurance Claims

- › Streamline electronic claim submissions, track patient eligibility and insurance claims, bill dental claims electronically, manage preferred providers, distribute a single payment from an insurance company to multiple accounts, and reduce reimbursement time

Patient Intake

- › Allow patients to complete demographics, medical history, and HIPAA-compliant forms and submit insurance information using an online browser, secure portal, or tablet-optimized app

Spotlight: Dental Opportunities in Artificial Intelligence

The rapid advancement of medical data has underscored the importance and potential of artificial intelligence use cases in dentistry



Dental Education

Virtual patient simulators are replacing clinical work on live patients, allowing students to scale the learning curve with minimal risk

Students can gain practice in areas such as local anesthesia administration, surgical navigation, cavity preparation, implantology, and other complex areas that are otherwise costly to mimic in the classroom setting



Dental Radiology

Use of computer vision segmentation models to distinguish individual tooth parts provides localizing insight on the nature and extent of detected conditions

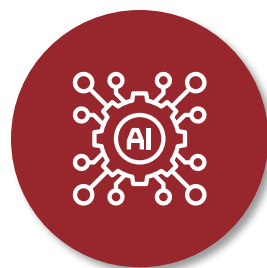
Image enhancement capabilities, with the help of generative AI, ensure that analysis can be completed even when X-rays are degraded or over/underexposed



Oral Surgery

Includes the utilization of robotics for semi-automated routine procedures, in so doing improving clinical best practices for surgeons

The use of AI in oral surgery eliminates instances of freehand error and allows for higher intraoperative accuracy, thereby making the operating room a safer place for patients



Orthodontics

Decision support systems backed by artificial intelligence help reduce subjectivity in understanding when it is appropriate to perform a tooth extraction

Machine learning in orthodontics has also automated the process of landmark detection in X-ray analysis



Patient Management

Virtual dental assistants automate administrative tasks in the dental office such as scheduling, organizing paperwork, compiling treatment plans, and more

The utilization of AI in patient management allows practices to reduce instances of human error, improving efficiency and overall patient care



Prosthodontics

The application of AI aids in the design of prostheses and the fabrication of functional maxillofacial appliances, as well as using CAD/CAM to replace the traditionally laborious and human error-prone process of casting prosthesis



Framework for Evaluating the Dental Technology Market Landscape

Technology solutions are increasingly focused on minimizing costs and maximizing patient outcomes across the dental technology landscape

Practice Management

Comprehensive, end-to-end solutions that manage every aspect of running a dental practice, including streamlining patient visits, designing treatment planning, and managing payment collection – all in an effort to maximize revenue and simplify workflows

- Solutions can be either on-premise or cloud-based

Patient Tools

Engagement <p>Solutions and tools that inform and educate patients about specific health conditions and influence consumer behaviors that impact health outcomes</p>	Marketing <p>Solutions that enable providers to automate the process of communicating with patients, primarily for administrative tasks such as scheduling appointments and sharing health information remotely</p>
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Artificial Intelligence & Data-Driven Care

Decision Support <p>Software and information tools used to mitigate risk and drive clinical best practices</p>	Telemedicine <p>Solutions where the software provider is delivering virtual care directly, usually offered as part of a plan or employer benefit</p>	Devices <p>Consumer-focused devices that utilize data and analytics to guide consumers toward clinical best practices</p>
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Strategic Incumbents

Large strategic corporations with an acquisitive track record for dental technology businesses

Revenue Cycle Management

Software tools and technology-enabled services addressing a range of financial pain points to optimize the administrative workflow

Training & Education

Solutions that deliver digital training and continuing education in order to assist dental practices in providing the best and most compliant care

EMR

Comprehensive, end-to-end solutions covering all aspects of clinical workflow, financial management, and administrative tasks

Payer Technology

Software tools and web portals that enable consumers to proactively manage their benefits and insurance plans

Supply Chain

Software tools that enable provider organizations to manage vendor contracts, optimize purchasing, and plan budget for capital and operational purchases

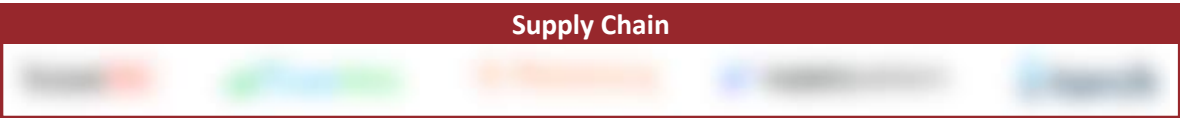
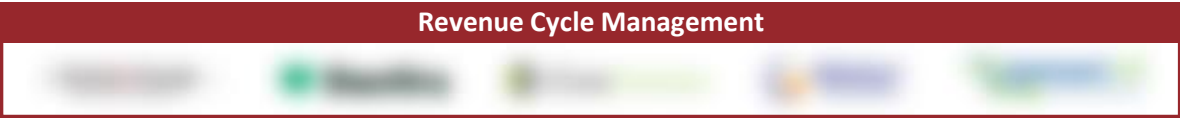
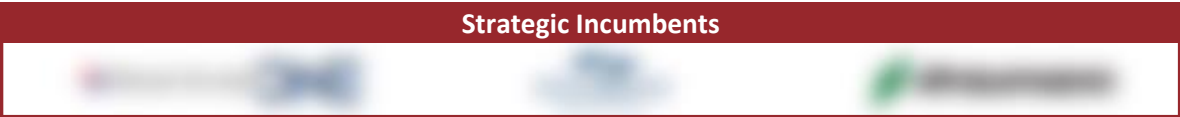
Imaging Technology

Software solutions that enhance the dental imaging workflow, often via artificial intelligence algorithms, to assist DSOs and clinicians in arriving at faster and more accurate diagnostic decisions

Dental Technology Market Landscape

To view full market map, please contact:
technologyinsights@harriswilliams.com

Technology solutions are increasingly focused on minimizing costs and maximizing patient outcomes across the dental technology landscape



Notable Recent Dental Technology Transactions

P&R Dental Strategies' Acquisition of Dentistat and go2dental.com



January 18, 2023

- Dentistat is a provider of outsourced dental credentialing services, and go2dental.com is a digital resource center for dental benefits plan members
- The acquisitions expand P&R Dental Strategies' suite of solutions for dental payers with additional dentist credentialing and member engagement offerings

Avista Capital Partners' Acquisition of Spear Education



December 22, 2022

- Spear Education is a tech-enabled provider of digital and in-person clinical training, practice analytics, and consulting solutions for the dental market
- Avista will leverage its expertise in the healthcare technology sector and dental end-market to support Spear's growth ambitions

Planet DDS' Acquisition of Cloud 9 Software



January 4, 2023

- Cloud 9 Software is a cloud-based practice management and clinical care software platform for orthodontic and pediatric dentistry practices
- The acquisition positions Planet DDS as a stronger single-vendor solution to support the growth and operational success of both multispecialty and single-specialty providers

Cloud 9 Software's Acquisition of Focus Ortho



November 23, 2022

- Focus Ortho is a cloud-based practice management platform for orthodontic practices
- The acquisition will significantly increase Cloud 9's customer footprint and allows the combined entity to accelerate investment into its platform and service delivery

Agilio Software's Acquisition of ProDental CPD



January 3, 2023

- ProDental CPD is a provider of clinical e-learning content for dental professionals
- The acquisition enhances Agilio's own dental e-learning product, iLearn, as well as strengthens its position as the UK's leading provider of online learning across healthcare

PracticeTek's Acquisition of GrowthPlug



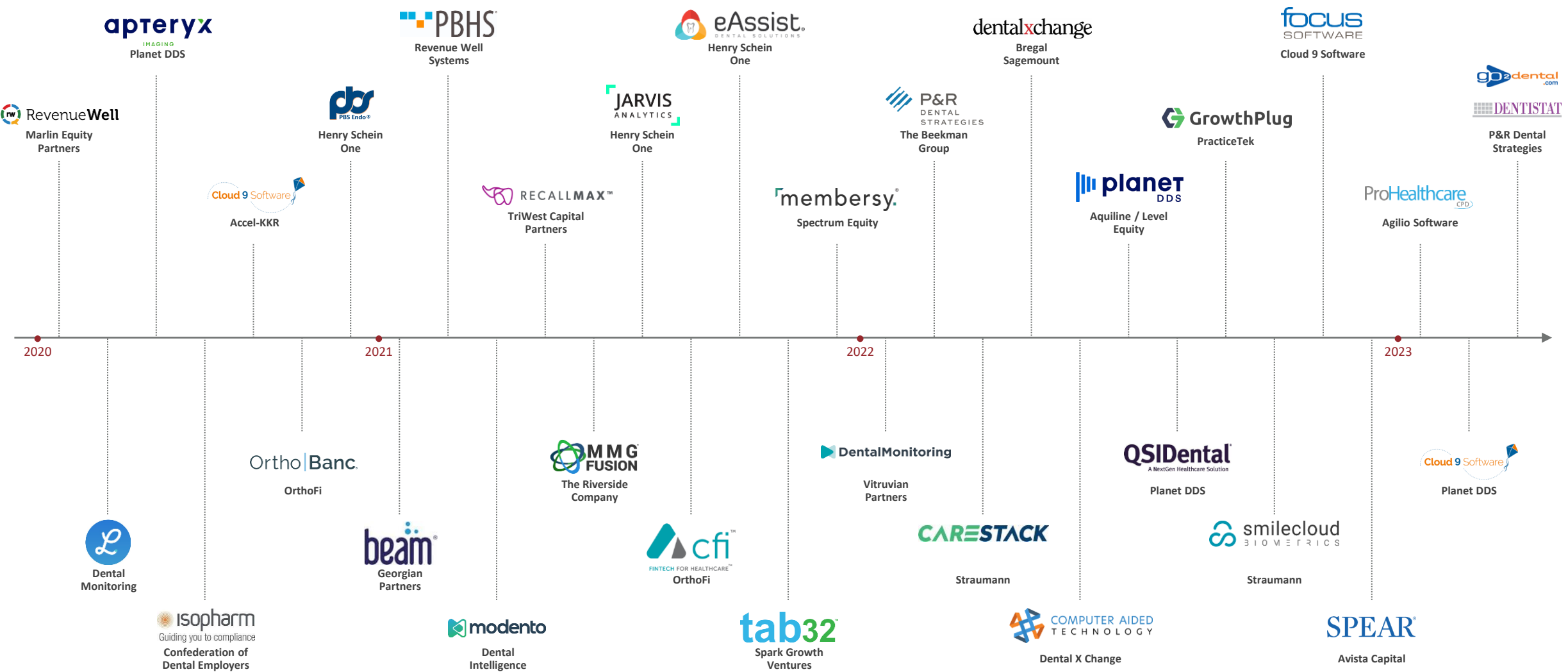
September 22, 2022

- GrowthPlug is a provider of mobile-optimized websites, business listings management, social media publishing, reputation management, and intelligent analytics for healthcare practices
- GrowthPlug's practice marketing solutions will complement PracticeTek's solution suite of practice marketing and automation

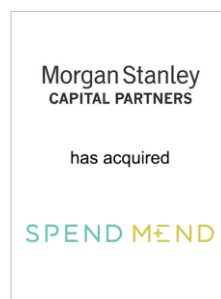
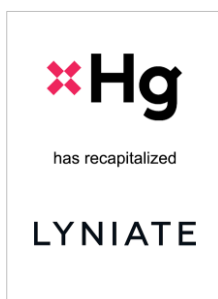
1) P&R Dental Strategies announced its rebrand to Fluent Dental on March 22, 2023

Accelerating Investor Interest in Dental Technology

Industry tailwinds are driving significant and accelerating investor momentum across dental technology



Our Technology Group and Healthcare & Life Sciences (HCLS) Group collaborate to advise leading HCIT companies.



Learn more about our experience in the space:



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Deep Industry Experience



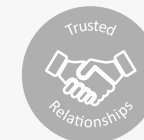
Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

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