Who Am I?

- 27 Years in Orthodontics
- Partner at Bentson Copple & Associates
- Committee Member of AAOFTT (American Association of Orthodontists Future Think Tank)
- Member of AAO Bulletin Advisory Board
- Board Member - AAOF (American Association of Orthodontists Foundation)
- Advisory Board Member Ortho4D
- Committee Member AAO Practice Modalities Task Force

Meet the Bentson Copple & Associates Team

Topics

- Pressures of Practice Growth
- Current Market Data
- Responses to the Market
- Expectations
What are the Pressures of Practice Growth?

Higher Spending to Obtain New Patients

More Orthodontic Competitors

Fewer Kids

More Pediatric Dentist Competitors

Corporate Dentistry (DSOs)

More General Dentist Competitors

Doctor-Directed or DIY Orthodontics

Result is practices are operating at less than 80% of capacity & revenue per FTE is averaging $180K

Orthodontics is a Great Profession...

1. Dentist
2. Nurse Practitioner
3. Physician Assistant
4. Orthodontist
5. Nurse Anesthetist

Source: U.S. News & World Report, Best Jobs Rankings
Practice Ownership Today

Who's on My Team?

You
Orthodontist Mentor / Online Forums
CPA
Insurance Advisor
Attorney
Spouse
IT/ Social Media Consultant
Transition Advisor
Practice Consultant/ Wealth Manager
Local Banker/ Lender

Topics

☑ Pressures of Practice Growth
• Current Market Data
What Market Are You In?

<table>
<thead>
<tr>
<th>Title</th>
<th>Employment, 2015</th>
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<tbody>
<tr>
<td>Dentists</td>
<td>195,722</td>
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<td>Dentists, General</td>
<td>142,119</td>
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<tr>
<td>Oral &amp; Maxillofacial Surgeons</td>
<td>2,056</td>
</tr>
<tr>
<td>Oral &amp; Maxillofacial Pathology</td>
<td>353</td>
</tr>
<tr>
<td>Orthodontists</td>
<td>3,531</td>
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<tr>
<td>Orthodontics</td>
<td>7,077</td>
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<tr>
<td>Periodontics</td>
<td>5,524</td>
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<td>Periodontics</td>
<td>5,469</td>
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<tr>
<td>Pediatric Dentistry</td>
<td>7,163</td>
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<tr>
<td>Prosthodontists</td>
<td>3,524</td>
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<tr>
<td>Prosthodontists</td>
<td>5,524</td>
</tr>
<tr>
<td>Public Health Dentistry</td>
<td>755</td>
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<tr>
<td>Oral &amp; Maxillofacial Radiology</td>
<td>117</td>
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</table>


1st Year Enrollment: Ortho vs Pedo

<table>
<thead>
<tr>
<th>Year</th>
<th>Ortho</th>
<th>Pedo</th>
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<tbody>
<tr>
<td>2004-05</td>
<td>330</td>
<td>330</td>
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<tr>
<td>2006-07</td>
<td>330</td>
<td>330</td>
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<tr>
<td>2008-09</td>
<td>349</td>
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<td>2010-11</td>
<td>355</td>
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<td>2012-13</td>
<td>364</td>
<td>365</td>
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<tr>
<td>2014-15</td>
<td>366</td>
<td>366</td>
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</tbody>
</table>

Source: 2015-16 Survey of Advanced Dental Education

Before 1993

- Associate
- Start Up
- Purchase/Partner

Source: Before 1993 Survey of Advanced Dental Education
Today

- Start Up
- Associate
- Purchase/Partner

20% More Graduates

Growth Problem = Dilution

Practice Breakdown

- Solo Ownership Declining
- Partnerships Increasing
- Associate/Employment Opportunities Increasing

Source: AAO 2014 Economics of Orthodontics Analysis Report
What Are Your Plans After Completing Your Orthodontic Program?


Explosion of Corporate Dentistry

Seekers vs Opportunities

![Graph showing number of residents over time.]

Remember:

365 Orthodontic Residents Enrolled Each Year

Opportunities vs Seekers

Source: American Association of Orthodontists, Practice Opportunity Database

Child Demographics

![Graph showing child demographics over time.]

Source: CDC/National Center for Health Statistics, as of July 20, 2015

Practice Activity Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Age</th>
<th>Years in Practice</th>
<th>Gross Income (Rounded)</th>
<th>Overhead Rate</th>
<th>Case Starts</th>
<th>Adult Case Starts</th>
<th>Active Treatment Cases</th>
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<tbody>
<tr>
<td>1981</td>
<td>42</td>
<td>12</td>
<td>$200K</td>
<td>49%</td>
<td>150</td>
<td>15.4%</td>
<td>300</td>
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<tr>
<td>1988</td>
<td>45</td>
<td>15</td>
<td>$300K</td>
<td>56%</td>
<td>150</td>
<td>22.0%</td>
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<tr>
<td>1993</td>
<td>47</td>
<td>16</td>
<td>$41K</td>
<td>56%</td>
<td>150</td>
<td>20.2%</td>
<td>366</td>
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<tr>
<td>1997</td>
<td>46</td>
<td>17</td>
<td>$518K</td>
<td>55%</td>
<td>150</td>
<td>19.0%</td>
<td>400</td>
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<td>2001</td>
<td>50</td>
<td>19</td>
<td>$800K</td>
<td>53%</td>
<td>200</td>
<td>22.2%</td>
<td>460</td>
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<td>2005</td>
<td>52</td>
<td>22</td>
<td>$960K</td>
<td>56%</td>
<td>220</td>
<td>20.0%</td>
<td>495</td>
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<tr>
<td>2009</td>
<td>50</td>
<td>18</td>
<td>$1,158K</td>
<td>59%</td>
<td>245</td>
<td>23.0%</td>
<td>500</td>
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<tr>
<td>2013</td>
<td>47</td>
<td>17</td>
<td>$1,200K</td>
<td>59%</td>
<td>250</td>
<td>23.0%</td>
<td>500</td>
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</table>

Source: Journal of Orthodontics, 2015 Orthodontic Practice Study

 surveymonkey.com
Practice Activity Trends

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<tr>
<td>Child Fee</td>
<td>$1,900</td>
<td>$2,600</td>
<td>$3,600</td>
<td>$4,700</td>
<td>$6,150</td>
<td>$8,280</td>
<td>$5,500</td>
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<tr>
<td>Adult Fee</td>
<td>$3,100</td>
<td>$3,000</td>
<td>$3,900</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,650</td>
<td>$5,963</td>
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</table>

Two Year Fee Increase 15.5% 10.0% 10.0% 8.0% 8.0% 6.0% 3.5% 5.0%
Payment Period (months) 24 24 24 24 22 21 22 21
Assignment of Benefits 38% 55% 65% 70% 74% 81% 86% 88%
Patients Per Day 38 40 40 45 50 50 50 50

Source: Journal of Clinical Orthodontics, 2015 Orthodontic Practice Study
* surveymonkey.com

Where's The Data?

Operational Analytics - Gaidge

Source: Gaidge, 2013-2016 data
Topics

- Pressures of Practice Growth
- Current Market Data
- Responses to the Market

How To Be Heard

Communicating With Each Other
Modern Day Practice Communication

Annual Valuation Summary

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Collections</th>
<th>Practice Income</th>
<th>Overhead Rate</th>
<th>Value Before Debt</th>
<th>Value as % of Collections</th>
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<td>2007</td>
<td>$1,364,000</td>
<td>$695,570</td>
<td>50.6%</td>
<td>$1,016,440</td>
<td>75.3%</td>
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<td>2008</td>
<td>$1,373,500</td>
<td>$686,342</td>
<td>55.0%</td>
<td>$1,099,240</td>
<td>71.5%</td>
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<td>2009</td>
<td>$1,383,680</td>
<td>$672,568</td>
<td>53.9%</td>
<td>$1,049,280</td>
<td>75.1%</td>
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<tr>
<td>2010</td>
<td>$1,328,350</td>
<td>$780,235</td>
<td>55.4%</td>
<td>$1,020,280</td>
<td>76.1%</td>
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<tr>
<td>2011</td>
<td>$1,367,480</td>
<td>$697,765</td>
<td>55.1%</td>
<td>$1,206,200</td>
<td>75.8%</td>
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<td>2012</td>
<td>$1,805,360</td>
<td>$794,736</td>
<td>47.9%</td>
<td>$1,428,640</td>
<td>79.6%</td>
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<td>2013</td>
<td>$1,549,520</td>
<td>$702,922</td>
<td>53.8%</td>
<td>$1,260,960</td>
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<td>2014</td>
<td>$1,502,273</td>
<td>$674,561</td>
<td>55.8%</td>
<td>$1,190,491</td>
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<td>2015</td>
<td>$1,686,724</td>
<td>$887,340</td>
<td>56.4%</td>
<td>$1,374,291</td>
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<td>2016</td>
<td>$1,672,166</td>
<td>$740,724</td>
<td>57.0%</td>
<td>$1,332,227</td>
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Changes in Spending Habits

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| *56% Potential Increase in Chairside Efficiency

Source: Bentson Clark & Source, Volume XI, Issue I, 1st Quarter 2017
Changes in Spending Habits

Sample Profit & Loss Statement
for Orthodontic Practice Owners

To download this Sample Profit & Loss Statement, visit: goo.gl/Sp78cN

Team Costs = Focus on Revenue Per FTE

$180K per FTE
< $230K per FTE

Practice Expenses

- Average Practice Operating at 57.0%
  (as seen by Bentson Copple & Associates).
Let's Look at Our Market

- **High-End Orthos** (20%): $6,800, 65%
- **Mid-Market Orthos** (55%): $4,200, 60%
- **Value Orthos** (25%): $3,400, 55%
- **Value Orthos** (20%): $2,000, 50%
- **Value Orthos** (15%): $1,400, 45%
- **Value Orthos** (10%): $900, 40%

**Source:** The Progressive Orthodontist Magazine, 2nd Quarter 2017

Market Expansion - More Cases to Treat

- **2.8 Million Starts in North America**
- **70-100 Million people who need to have their teeth straightened**
- **WIN-WIN Market expansion will result in more patients for orthodontists**

**Source:** The Progressive Orthodontist Magazine, 2nd Quarter 2017
Did You Participate in Our Annual Resident Survey?

Source: Bentson Clark & Copple, LLC Resident Survey, 2010-2016

Approximately How Much Student Debt Will You Have Accrued at the End of Your Residency?

Source: Bentson Clark & Copple, LLC Resident Survey, 2010-2016
What is Your Expectation of First Year Annual Income?

Source: Bentson Clark & Copple, LLC Resident Survey, 2010-2016

Types of Transitions

Orthodontics is a Great Profession...

1. Dentist
2. Nurse Practitioner
3. Physician Assistant
4. Orthodontist
5. Nurse Anesthetist

Source: U.S. News & World Report, Best Jobs Rankings
Topics

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- Expectations

Thank You!

www.bentson copple.com