# DSOs increase their reach

Global growth, new technologies and evolving models expand the influence of dental support organisations. By Jeremy Booth, Dental Tribune International.

■ The dental support organisation (DSO) model has undergone significant transformation over the past few decades, reshaping the global dental care landscape. By consolidating single clinics into large-scale networks, DSOs have grown in prominence, offering economies of scale and increased access to new dental technologies. The evolution of DSOs has been shaped by regional differences in market dynamics, regulatory frameworks and patient needs, and dentists are making their own mark on practice consolidation by adapting merger strategies to their own needs. As they grow in size and purchasing power, DSOs continue to attract due attention.

## Historical development

DSOs first emerged in the US during the late 1980s, driven by a growing demand for accessible, cost-effective dental care. Initially, they focused on supporting administrative functions, allowing dentists to concentrate on clinical care. As DSOs matured, they expanded to include clinical oversight, training, the integration of advanced technology and the combination of dental specialties.

Europe followed a different trajectory, many DSOs forming after 2000 in response to investor interest and changing patient expectations. The UK and Germany, for example, witnessed significant consolidation, led by private equity. In contrast, DSOs in Asia-Pacific have developed more recently and at varying rates, and key growth markets in the region include Australia and China.

## Regional comparisons

The US is the largest and most mature DSO market, led by Heartland Dental, which has over 1,750 locations across 39 states. CEO Pat Bauer described the first half of 2024 as "a remarkable period of growth and innovation" for the company. Heartland Dental opened 55 cutting-edge clinics in the first half of 2024 alone. Factors such as a fragmented healthcare system and rising treatment costs have enabled DSOs like Heartland to thrive by offering cost-efficiency and greater access to care. Regulatory oversight focuses on state licensing boards, and DSOs must navigate a complex web of compliance requirements.

European DSOs are smaller than their US counterparts and operate under stricter regulatory environments, including being subject to tougher anti-trust laws and the bloc's General Data Protection Regulation, which heavily influences data management, patient privacy and record-keeping. European patients value personalised oral care more than those in the US do; however, this cultural preference has not stemmed the growth of European DSOs. Over a period of 17 years, the UK's mydentist has gone from three clinics in North West England to a UK-wide network of over 550 practices. Founded in 2015 after a legal change made it easier to network dental clinics, Germany's Zahneins now has 80 dental practices spread across the country's western and southern states. Pan-European dental conglomerates have also emerged, such as the European Dental Group, which has amassed over 300 clinics in six European countries since 2007. Toby Anderson, CEO at European Dental Group, told Dental Tribune International that the DSO continues to attract and retain dentists and invest in the latest technologies. "Clinicians are attracted to our model, because we enable them to really focus on treating the patient and improving the quality of care," Anderson said.

Consisting of established and developing dental markets, the Asia-Pacific region has a growing DSO presence. Regulatory frameworks vary widely, and highly regulated markets like Japan and South Korea are characterised by independently operated clinics. In other Asia-Pacific markets, DSOs are gaining a foothold, owing to a growing middle class and supportive government policies. Australia's Abano Healthcare has a network of over 250 locations in Australasia, operating under the brands Lumino The Dentists, Maven Dental and 1300SMILES Dentists. In China, Arrail Group has grown to 123 locations, boosted by a campaign targeting small and medium-sized clinics in second-tier cities and promising the latest dental technologies.

In Latin America, Brazil and Mexico have accounted for the largest surge in DSO activity. DSOs here focus on affordability and access, often targeting underserved rural areas and operating under less stringent regulatory oversight. This year, Brazil's Sorridents reached the milestone of 500 clinics.

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## Developing new models offers greater autonomy

Recent trends in DSO-driven consolidation reflect changes in the dental workforce and a growing emphasis on technology-driven practices. In developed dental markets, younger dentists face greater cost barriers to practice ownership than previous generations of clinicians did, and a focus on integrating artificial intelligence (AI) and digital workflows into daily operations is helping to attract new graduates to the DSO model. According to the American Dental Association (ADA), dentists with less than ten years of clinical experience are more likely to be affiliated with a DSO. In 2022, 13% of US dentists were affiliated with a dental group, up from 10.4% in 2019 and 8.8% in 2017. "Practice modality continues to change," commented Dr Marko Vujicic, chief economist and vice president of the ADA Health Policy Institute. "Our updated data show higher rates of dentist affiliation with DSOs as well as less dentists in solo practice and more in groups," he added.

In addition to technological resources, joining a DSO offers dentists reduced administrative burdens, allowing them to focus more on patient care and less on business management. However, clinicians are increasingly opting to set their own consolidation terms.

Being backed by private equity funds, DSOs offer clinicians greater financial flexibility than banks do, including through strategic transition models such as joint ventures or practice roll-ups. According to Kyle Francis of US-based dental mergers and acquisitions specialist Professional Transition Strategies, the concept of dental roll-ups has gained in popularity and created advantages for owner dentists. In an interview with Dental Tribune International, Francis commented that roll-ups appeal to clinicians seeking mentorship, work–life balance and operational support and wishing to avoid the financial risks of running a private practice. He said that the model does not require an overarching legal entity or management structure and that its advantages include increasing the value of individual clinics. He explained: "[Multiple] dental practices are aggregated and brought to market at the same time to maximise the scale of the earnings before interest, taxes, depreciation and amortisation that is being bought."

In Europe, DSOs are increasingly adopting a hybrid model, combining centralised administrative functions with a focus on local, personalised patient care. Emerging markets in the Asia-Pacific and Latin America regions have become key targets for expansion, as rising incomes and demand for quality dental care fuel growth. In these regions, DSOs are exploring innovative partnership models and collaborating with local providers and universities to enhance service offerings.

An increasing number of clinicians are opting to join a dental partnership organisation (DPO) instead of a DSO because this allows them to retain a higher level of clinical autonomy. Like DSOs, DPOs offer administrative support and increased buying power, and although both models appeal to the entrepreneurial spirit, the key differences lie in ownership and financial structuring. DPO members are typically co-owners of their clinics. Profits are shared between members and the DPO, often via tailored equity arrangements. Members aim to secure long-term equity growth, typically by continuing to invest in the DPO as the group gains new practices.

## DSOs and the dental industry

Bringing economies of scale, DSOs are big business for dental manufacturers, and they are increasingly being offered customised support. In 2024, Straumann Group launched a DSO brand consisting of solutions and services that DSOs can customise and scale to their needs. The service is backed by dedicated support teams and aims to enhance the growth of existing and emerging DSOs in the Europe, Middle East and Africa, North America and Asia-Pacific regions. Straumann CEO Guillaume Daniellot said that the company had "recognised the importance of distinguishing our service to this target group".

In January, Dentsply Sirona responded to the growing digital needs of DSOs by expanding its DS Core software to include DS Core Enterprise, a cloud-based platform specifically for dental groups. Bruce Peatey, group vice president for the Americas at Dentsply Sirona, explained: "For a DSO, visibility of equipment status, workflow performance analytics and a scalable infrastructure are key factors when growing their business and network."

## Challenges and opportunities

As DSOs continue to grow, they face several challenges. Regional variations in licensing, privacy regulations and cultural perceptions of dental care require tailored approaches. Additionally, public perception can vary. Some patients view DSOs as offering impersonal, corporate care.

However, the opportunities are vast. The evolution of DSOs highlights the adaptability of the model to different regulatory and cultural environments. Technological integration, such as AI-powered diagnostics and cloud-based management systems, enables DSOs to enhance service delivery and improve patient outcomes. Expansion into emerging markets, where access to dental care remains limited, provides avenues for growth.

Besides delivering oral care to millions of patients around the world, with their powerful private equity backing, DSOs may shape the dental industry in yet unforeseen ways. Private equity fund and DSO owner KKR recently gained a 12% share in dental distributor Henry Schein, as well as two seats on its board of directors. This is a clear demonstration of the increasing reach of dental conglomerates. ◂◂

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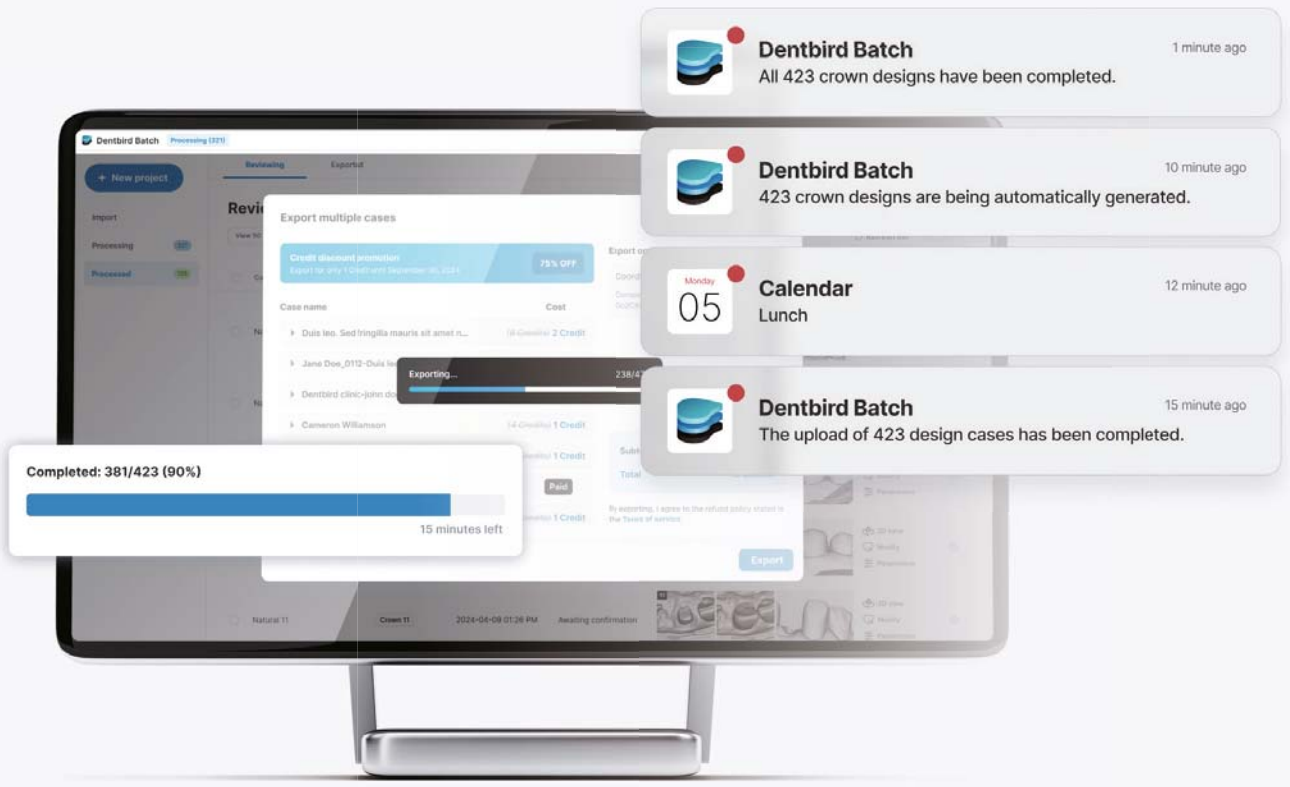


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