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STRAINE
DENTAL CONSULTING · ANALYTICS · MANAGEMENT

The Future of the DSO Market

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Key Takeaways

The Future of the DSO Market

- Continued DSO market consolidation is expected to yield the following outcomes;
  - Larger facilities with more providers per facility
  - More focus on de novo-driven growth
  - Quieter M&A market for smaller dental office acquisitions given de novo heavy growth
  - Less newly formed small, DSOs given the quieter small tuck-in M&A market that reduces the "exit carrot"
  - Increased integration of oral surgery into DSOs through acquisition of proven oral surgery practices in larger populated areas
- Larger players are already more de novo weighted than they were historically. As an example, a national DSO used to be two acquisitions for every one de novo. They are now closer to 10 de novo for every one acquisition.
- When well executed, de novos help to:
  - Reduce up-front capital investment
  - Increase network-wide standardization and ease challenges around M&A integration/transition and level of lift around cultural changes required
  - Reduce the average team cost since providers are often recruiting talent and hiring the best of the best
- With de novos comes an increased need for high-functioning operational programs. These programs today are often immature and will, therefore, be areas of focus / investment in the years to come.
  - Provider recruitment
  - Provider training & education
  - Marketing & patient acquisition programs

Differentiation Through Ownership Strategy

- High provider ownership: In our DSO the original sellers own approximately 80% of the Company vs Aggregators owning the majority.
- We are structured for retention: Minimum five-year commitment. Work with add-ons to model out returns over an eight-year horizon that contemplates three liquidity events including the up-front purchase plus two future capital transactions.

Keys to DSO Optimization

Hygiene

- Target 65% production from the dentist and 35% from the hygienist.
- The traditional care team two model includes one doctor, two hygienists, two dental assistants, two business assistants. That model has evolved into the two plus model where one doctor can be supported by more than two hygienists in most states.

Perio

- According to the CDC, ~42% of all adults above 30 years of age have some form of periodontitis or periodontal disease.
- Patient perio needs are often under-addressed in standalone practices.
- Optimizing hygiene is a key foundation to success and starts with identifying patient perio needs.

Facility Optimization

- Many small practices work to optimize the care team's schedule. However, one care team can only cover so many patients / hours. A DSO can help to implement programs that move beyond optimizing the care team to optimizing the facility through the incorporation of multiple, staggered schedule care teams, as well as optimizing surrounding programs such as a Soft Tissue Management program.

Marketing

- Direct to patient is the least efficient of marketing channels. Shotgun approach with smaller response.
- In bigger markets, it is critical to achieve high online rankings.
- In smaller markets, the need to be connected into the community is the focus of marketing efforts.

M&A Criteria

- Minimum of five-year commitment – target providers in their early 50s to allow proper transition of a practice while maintaining the legacy built by the doctor.
- Ideally eight or more chairs for a facility so that you can support two – and potentially three – care teams. Minimum of five chairs so that you can allocate two chairs per hygienist with one chair for emergency overflow.

Background

My name's Jeff Staser. I'm the CFO at Straine Dental Management. I've been in involved in dentistry since 1984. Most people who have been in dentistry for a length of time know of a company named Heartland Dental. I was the CFO there for 15 years. I was there before Heartland was the name. In the very beginning with Rick Workman, who's my first cousin. I retired from Heartland in 2005, I did spend an interim period of 6 years in banking and rejoined Dr Workman in 1992. So, I accomplished 15-some plus years there, six years in banking, so on and so forth. In the midst of my Heartland experience, I met a gentleman named Kerry Straine in 1999. He was speaking at a dentistry conference. Within probably 10 minutes of hearing him speak, I turned to my first cousin, Rick Workman and said, look, we got to hire this guy. Kerry Straine will allow us to put systems in place and set the scaffolding so that we can grow. We're going to build and we need somebody like this who knows the inner workings of policies, procedures, how to basically structure the day-to-day processes that need to occur. This step allowed me to go out and focus energy on M&A activity at Heartland. In the first three years, we acquired plus we built a total of 99 locations.

When I left Heartland in 2005, I kept in touch with Kerry. Then, in 2016, he reached out to me and said, look, I've got this successful consulting company. I've got 300 to 400 clients, but I need a new chapter in my life. Here's what I'm thinking. A DSO would allow my clients to 'unleash the equity they have created'. I owe my clients to look at creating a DSO. I'm looking at him like, "Okay, I'm not interested in coming yet agree to the mindset. I do not see myself getting back into the DSO world. I'm retired. Life is good." The more we talked, the more I realized his vision of what he wanted to accomplish - he wanted the equity that he had built for people that was stored in their practices, he didn't want to see some broker, some DSO to come in and just basically arbitrage all that, if you will. He had made the decision he was going to lead this charge to start a DSO. He wanted me to join him, and his idea was that we would return the lion's share of the equity to the Doctors who had been with him for years. The offices we are talking about were $2 to $2.5 million dollars in revenue, $400 to $500K in EBITDA. And he's like, there's a better way for the Doctors. I know it's out there. I've seen Heartland, I've seen a lot of other DSOs go about this, and why can't we do this for the doctors? So, it was kind of his way, if you will. The way I look at, it's not his words, but my words to give back to his clients for all those years. That's where we're at right now. We're at 45 locations strong. Had a call last night. I think we're going to pick up another four from last night's call. Our pipeline is a quarter of a billion in revenue. And, so we're excited about where we're headed over the next two years. Total revenues right now - we are at $110 million, that's probably a look forward basis, where each month fluctuates when you've got 45 locations, number of workdays, things like that. $110 million in revenue is a good number for us to put out there right now. And EBITDA right now is going to be around $23 million.

Interview

Picking up on the point you said about doing things differently. What's the nature of the ownership today? How much ownership resides in the actual clinicians? The dentists themselves.

Everybody that joined and affiliated with Straine Dental Management had an established EBITDA and SDM formed based on this value and establishing a Unit value for the company. All in all, we've got a little bit over 80% ownership with the doctors and the consulting company which Kerry had to bring into SDM as well.

So really to try to ring fence what Straine Dental has done, it's taken small dental practices, aggregated them into a large DSO called Straine Dental, which grows and grows, but it's found a way to ensure that the dentists themselves have the majority ownership in the business.

What else do you think is different between Straine and Heartland? You learned a lot while at Heartland. Heartland was a very large national platform. What are the key differences that you've strived to implement and where do you see similarities?

I think that every time you get one generation removed from the source, it becomes watered down. So, the source, as I would say, is the consulting company. The life work of Kerry and Olvia Straine of 35 years. This is the core where Heartland launched in a proven system of policies and procedures. Straine Consulting is unique.

The ability to transform a dental practice and really break it down nuts and bolts and say, look, this is the exposure you have.

When we heard Kerry speak in Scottsdale, the one item that resonated was that your hygiene department is an annuity and you've got to make that work for the office. How to outline hygienist connection to driving revenue. We kind of knew, everybody had an understanding of you needed a hygienist to drive doctor production, but Kerry has a way of making that sing, if you will, to a different tune and beautifully.

And what other differences do you see between your days providing consulting services to these practices versus Straine's new ownership role?

Practices, right. I think as consulting, as long as the next check comes to you, you feel like you've done your job, they're happy, they're maybe listening but not implementing. I think when you own the practice the main thing becomes implementation. You have to implement. You just can't say laissez-faire, hands off, we'll just let everybody kind of decide that standardization, working towards organic growth, you've got to get processes implemented.

And getting into the weeds, I know both you and Kerry work very hard on your analytics, on your KPIs and you track each of your practices KPIs very much in detail, to the decimal point. Why do you think Straine dental's KPIs continue to be strong? Why do you think you're able to get through integration issues growing as quickly as you have? I mean, Straine is a pretty young business in its current form. Is it three years old today?

We will become three years old in 2025, we launched in April of 2022. That was when the cash exchanged hands, but there was pre-work done for two years in getting us to where we're at, just so we could have everybody show they were willing to come into a platform and allow us to show the platform can make a difference. The organic growth which still was there to be had.

It's a DSO that's north of a hundred million of revenue that's south of three years of age that continues to grow very comfortably. What do you think Straine does differently than some of the other DSOs that have run into trouble?

I think that it goes back to the KPIs and the core value. If you look at it and say, what are some of the important drivers? To give you an indication for us, if you look at a dental practice, you have to come up with a model, we call it the two-two-two model. We like to work out of care teams, care team being one doctor, two hygienists, two dental assistants, two business assistants. We expand that thought process to allow for more hygienist if possible, for a two plus, meaning you could have more than two hygienists. So the indicators of what drives a dental practice, if you study dentistry and you look at it and say that the relationship is somewhere around 70/30, meaning the doctors do 70% of the production hygienists do 30%, having a tracking mechanism that would say, I want that relationship to stay or I want it to become more balanced. Meaning if I can increase hygiene from 30% to 35% and I can lower the doctor's production from 70% to 65%, what does that look like? To me, that's the optimization of a dental practice - getting that ratio about 65% and 35%. But then what you have to do is you have to look at that 35%. What that means is you put things in place that are possibly being ignored in way of treatment.

Everybody knows that you need to probe. They learn all that stuff in school. What ends up happening is in a lot of environments in the dental world is the dentists start to turn into a prophy palace. The Dr wants them to spend their money on things other than hygiene - crown and bridge and things like that. Makes total sense. Yet at the core, you're not addressing the standard of care issue. What is building a foundation and understanding what your patients are there for? And if you're really trying to drive this hygiene annuity, why not have 2, 3, 4 hygienists and have more people coming in?

And so maximizing the use of the facility becomes very, very important and making sure that we're staying on top of that, but driving what we call a soft tissue management program where it's perio focused. If you know the statistics, what they are that is important. I am not a clinician yet I am a dam good statistician. And what I do know is the CDC says that 42% of all adults above 30 years of age have some form of periodontitis or periodontal disease. And if I start to stack that up with my numbers and go, what does that mean? Well, we know you'll never get to 42% because not all those people ever make it into the dental practice. But of the people who make it in there, as we start to track it, if you're doing what you need to do foundation wise, probe and try to create that standard of care to optimize

that hygiene department, you'll find that doctors are woefully short. When we buy a practice, you go in, you find two to three percent in perio and you go, wait a second, industry standard is much higher and our group is higher. Statistically that's just not possible. I have had Dr explain the reason their perio numbers are low is due to the practice butts up against a golf course and all their patients are bankers and lawyers. I didn't realize that you could have two thousand lawyers and bankers in the practice who play golf. I guess that is the secret to low perio. Clinically I will can never challenge this yet as a statistician I can invoke some needed conversation with other Drs.

With your analysis, you are able to quickly see what you're telling us. A large number of these independent practices are under invested in their hygiene department and seeing very low periodontics rates relative to industry standards. So, you invest in those resources - more hygienists over the first 12 months. What else do these practices experience as meaningful change either in the first 12 months or the first few years? What's the experience like of joining Straine from the perspective of a dentist?

I think having them understand that implementation becomes important. We can talk about all the silver bullets that exist in life, but we have to embrace technology as well. There are very antiquated dental offices out there, and then there's those that are leading edge. And no matter what you have, you got to implement, the implementation wanes for whatever reason, they go to a seminar, they go to their continuing ed and they go, oh yeah, this would be great. This is what I'm looking for. This is the magic bullet. All right, this is the one thing. They'll put me over the top. So they invest in it and they never implement, they never put it to use their leadership style, their ability to connect with their hygienists, the ability to connect with their team is woefully short. They don't really know how to communicate what they really want to drive, what they want, the processes, but it is more in between the ears of the dentist than it is anything else.

That's a really good point. You're saying for a lot of the practice, the practice leaders that you come across, you are seeing a wide range of initiatives, exciting, newest med devices, newest software, newest SaaS solutions, but they're poorly implemented, so they end up acting like constraints, like weights against performance versus what the initial intent was to maybe improve performance.

Absolutely. It's like the guy who joins the third gym going - finally, I'm going to lose weight this time, but I've got three gym memberships. That means I'm going to lose weight. You got to get in there and do the work. You got to go do it. And you have to commit to the implementation, they don't quite understand how this product or piece of equipment or SaaS, as you would say, is going to, at the end of the day, connect with the other workflow, if that's the word to use, how that's going to happen.

I think that's such a wonderful point. We've been doing this leadership series for four years, and I think it's the first time we've spoken to an operator who's really highlighted the benefit of simplification and focus - do less and what you due to its fullest. And I think these are very powerful words.

Dentistry in and of itself is retail environment. You also need to view dentistry in the sense of abundance thinking instead of scarcity. I think the quality patients that you want will do the work that you want to do as a dentist. I think that the so-called "Super GP" mindset being the super general dentist, if you will, who can do everything sometimes gets lost on doctors. Their skillset when they're young, they may not know how to do it, but they understand, hey, there's the money to be made here, if you will, to raise the standard of care and elevate that. But eventually they get to the point where, I don't want to do this, I don't want to do that.

They get to a lifestyle, versus understanding they're trying to manage a facility.

And what I mean by that is what we would love to see when I go into buy a practice is eight chairs. Why? Because I can put in two care teams immediately, and I'm working towards a third care team really easily by stacking hours and things like that. If they want a lifestyle, if dentists want a lifestyle, I can provide a lifestyle to them of less hours, do this, go home, let me manage the facility. But you've got to do it in the context we call it, of this care team one doctor, that type of model. Because if you don't and only go with, I only want to work six hours, then what do we do with the facility the rest of the time. I mean, it's amazing how much is wasted. An example of that would be somebody like McDonald's, if you're old enough, remember when McDonald's came out, they didn't do breakfast. And somebody got the idea that, wait a second, we're setting here with customers and a facility unused. We've got a facility that's not opened 24/7. And so everybody starts to go down that road of how do you maximize the use of your facility? And I think dentists are on an island - on one hand, they just don't want to be judged, so they don't want numbers stacked up. They don't want to see statistics yet being able to nurture them and understanding to use that to your ability, what are you in dentistry for? Is it the lifestyle or is it for patient care? And I think you'll find that majority of people start out, oh, I'm all about patient care. Patient care. It ends up they were really about lifestyle. And so there's a lot of waste in that regard.

I might phrase it a little bit differently, but I think saying the same thing, the art of scaling has to include the ability to create delegation team shared tasks as opposed to centralizing all those responsibilities around one person. And so maybe the initial lifestyle choice is let me the dentist take on everything because I'm looking for the lifestyle of being a central figure. And maybe over time that just seems less attractive. The idea of building a team becomes more attractive. But the skills involved in building a team are different.

I mean back to McDonald's, the systems run the office and people run the systems. So whether you're dealing with breakfast or lunch, the delivery of that requires a system. And the systems run McDonald's and people run the systems. And then the other thing that is lost on dentists is they would tell you, I'm a dentist and I happen to own my own business. And I'm telling you that you need to think about, you're a business owner who happens to be a dentist. And that gets lost on a lot of people.

I think that's very interesting as well. Jeff, given your ownership structure with dentists being the majority owners, what are some of the constraints points of resistance and friction that you experience as you try to turn low performing practices into high performing status?

Well, I think everybody's a defender of their way. And so if you think you're successful or you're happy where you are more or less, if you're happy with where you're at, having somebody come in and expose that you could have more. You got both sides of the spectrum. It's a challenge to understand when the student is ready. How do you get that person to understand and have an open mind. The teacher will appear when the student is ready. How do we prep them to be ready and it's not going over to the wall and flipping a light switch. It is one of those things that when they do get it, you can flip a light switch, but we work from what I'd call four levels of learning, unconsciously incompetent, and then you're consciously incompetent is level two. And what we find is that when you can finally stay with a doctor, communicate wholeheartedly and get them into level two, that's when learning really begins. That's when things take off. I always refer to it in this light. When you were a young child, you always knew you could ride your bike and you were always on the sidelines waiting for that opportunity and going, Hey, I can do that. I can do it. I can do it. So big brother sets you on the bike, he's got one hand on the handlebar and one behind the seat and you're going down the road. You get into level two when he lets go. That's the way I describe it. That's that aha. Oh crap moment that you go, I'm learning now. I always thought I knew. And that's where dentists are, they get into their own mindset on their own island and they develop systems and habits, they develop habits that have to be broken. So when is that going to occur?

The simplest, the easiest, the smallest of tasks become the habits which are the hardest to break.

So Straine dental, acting almost like a business coach and looking for dentists that are willing to change longstanding habits is certainly part of the selection criteria. What else goes into that selection criteria? Are there states that you avoid? Are there size of practices that you won't invest in? What falls into the criteria?

As far as large practices, nothing like that really scares us. We're looking at one now that has 42 treatment rooms doing $22 mil in revenue that we think will affiliate with us in the next two months. We like that. It's all about managing the care team. So if I'm going to go in and buy a practice, I'm looking for the opportunity and to be able to scale it, no pun intended. But what I'm trying to do is look for something that's probably eight chairs. We will not take anything less than five. So if you've got four chairs, I'm like, I got to find a way to squeeze a fifth out. Why? Because I'd like two hygienists working and two doctor chairs plus one extra for a third hygienist or overflow chair for any emergencies. That's kind of that standard. But $1.5MM five chairs is kind of the minimum target for us. We will look at the number of patients they have in a hygiene department. My real sweet spot is an eight-chair facility doing about $1.8MM because now I got the ability to do two, moving to a third care team, and we want to try, I want to know how many continuing care opportunities are in that facility.

Things you do to mitigate the risk of retirement, early retirement, taking the liquidity event and moving to an island somewhere. How do you deal with succession risk? These things are highly sensitive in the world of DSO patients aren't necessarily as loyal as you'd like them to be. What are the steps that you take?

I think we paint a picture. We paint a picture that says, look, we want to be your partner. I can maximize your equity out if you'll give me eight years. All right, if you'll give me eight years. And then, you've got a timeline to work with. And then we work with what we call three bites of the apple right now, which is the initial percentage upfront, and then I'm going to have capital event two, and then capital event number three. And what we tell people is, you got to give me a five-year work back at a minimum. You're always welcome to stay for as long as you want. We put this program in place, the initial buy-in is a certain percentage of their EBITDA today. And then as we partner and work, you're going to get a second bite of the apple, but then you're going to get an equity play at the end as well. We want them to understand they

get the lion's share. I could walk in and show them that, look, if we bought you for cash right now, you're looking to head towards the door. What I'm trying to have you understand is there's more meat on the bone with your practice that you haven't accomplished yet. And together we're going to create a lot more equity in a short window of time if you'll go along and run the systems. So I like to target dentists 52 to 55 years of age knowing this program matches up well with them to maximize their retirement funds. I give the Doctor an opportunity to continue the legacy as we not going to change the name of the facility, give the Doctor the ability to know when he's going to be able to walk away from the chair and maximize the value of the practice to a higher level.

Your approach to recruiting, dentist recruiting, that gives you confidence that when the time comes for succession, you'll be ready.

I think that that's probably one of the big weak points for us right now – recruiting - because we buy practices with doctors already in place with 5-year commitments. A Heartland, for example, is mostly trying to do de novo and they need to recruit doctors coming out of school to work those. Our recruiting is lacking right now. Our only place to go is really brokers or recruiters themselves.

So that's interesting. The sport that you play is the muscle that you develop. And your approach to the strategies that you use for winning patients, the various marketing channels that are out there, which are your favorites and which do you find to be the least efficient?

Well, I think least efficient at this point is direct marketing. I'm saying in this day and age with technology where it's at, everybody having a cell phone, you've got to change mindsets. Google is important and reviews. Experiences, your ratings. Patient Satisfaction. Today, you want to stay at the top of the rankings. Nobody makes it past 3 or 4 due to attention span. So finding a way to be on those search engines to hit the top becomes very, very important. Especially in dentistry. For smaller communities, can't talk for New York, but people don't venture outside their community area. Yet nobody in New York's going to drive five miles to go to a dentist when you have to drive by 50 others on the way. In smaller marketplace you can take more of a chance. Where I live in Effingham, Illinois, everybody knows everybody. So, it becomes less dependent on the Google search engine. So those aspects in smaller communities become more of how are you engaging in the community? Are you out there in front of everybody? Are you doing things to support the church and all those types of things. But the bigger cities, those lifestyles, it's really hooking into Google. Quite honestly.

It's interesting that the dental space still remains traditionally retail. There is no home care, virtual care, hospital coordinated care substitute for what has always been a brick and mortar. Who has prime real estate dental practices at its core?

I mean the only coordinated effort is staying in touch with your patients. And now testing is big. Some statistics that I've seen is 97% of all texts are read within three minutes. And I think the response then is like 90% are responded to within five.

And, your thoughts on what dentistry will be, Jeff? Where is the dental market going to be five to 10 years from now that is so markedly different from where it is today? What do you think are the big one or two changes?

I think we're going to have more consolidation and more dentists coming out of school, working in this system. It is moving more to that medical environment. I see a lot of dental school buddies get together at their reunion, "Hey, let's start a DSO," and all they're thinking about there is how I get away from the chair. I think those things are going to become obsolete. I think you're either going to be a dentist or you're going to be running a DSO and not both. The idea of 32 hours of doing dentistry per week is going to be very appealing and knowing you can go home at night with no other obligations. You may see even reduced schedules beyond 32 hours. I know that the trend has been over the last, oh, 20 years, more women in dentistry. So you've got to be prepared for that.

I don't know quite how that market's going to shake out, but I do sense that you're going to see bigger dental facilities over the course of the next 10 years and you'll have more providers there.

And so it's going to be more of a medical environment. You will have a community of dentists coming together. I don't think it'll ever be the big brick and mortar of community health, but I do sense that you're going to see, I think that's where the people like Aspen, Heartland, Pacific, they don't do any buys. Everything for them right now is really new de novo. I shouldn't say no buys. But, I mean, to give you an indication, back in the day I was buying two practices for every de novo. And now I would say that Heartland's probably close to 10 de Novos for every single asset they buy.

Why do you think they do that?

Because they've learned that the implementation of getting people to change is hard and difficult. They have developed the recruiting means. They sell a lifestyle. I think what they do is say, we are going to corner the market by having a facility, a nice facility, and we're going to provide all sorts of Continuing Ed for a doctor coming out of school, call it a residency program. So they get attracted. And then doctors who are making $250 to $300k with no investment say why do I want to invest $700k in somebody's practice and have to pay that off? Then in 10 years possibly, who would I sell it to with the consolidation I see today. I think this mindset of owning a practice, working it and selling it, that's going away. That's not going to exist in 10 to 12 years. Because as consolidation plays out, the dentist when they're coming out of school won't be able to afford to open the practices. You will have boutique players, don't get me wrong.

That's a very interesting forecast. So the large buyers who remain, who become the super large buyers buy less and less to the point where there is no market to purchase practice.

They will build and go right to the source, the school and say, you want a job? Here it is. If you don't take it, somebody else will. Consolidation is in the fifth and sixth inning maybe. , you look at where everything is at, eventually the tide's going to turn quickly, and I think that speed's increasing year over year. But to your point, when you ask about recruiting, we're going to have to get better at recruiting because that's where I sense the market is going. Go to every nice street corner, kind of like gasoline stations back in the day. Hey, I got a gas station. I'll put it right here on this corner.

It is interesting. As you look at other industries, you find that once they're settled and they have five national international brands, the focus on acquisitions starts to gravitate upwards. So the acquisitions you see are multi-billion dollar acquisitions. What you don't see is thousands of small tuck-ins in large national international brands. So it's likely to be true your forecast.

How does this play into oral surgery, aesthetics and med spa, if at all?

Yeah, oral surgery has already had their consolidation. I think that play to that play, it's probably in the eighth inning. So I think trying to find an environment where you can put those two together, it would be great. I think what you're going to find, it's more hub and spoke. And what I mean by that is you're going to see people like Heartland, people like ourselves, people like Pacific and Aspen, and they're already doing it, so it's nothing new. But they will try to have an area that they choose. Let's just say it's Frisco, Texas, and right there in Dallas, they may go and try to put a surgery facility within, say, a three to five mile radius of as many dental offices as they can. This one oral surgery center will be in the middle, and then everybody refers to that oral surgery center. Med Spas, I don't have much knowledge on what's going on there. I apologize, but I don't know how that would fit in, yet makes total sense in way of retail outlook and for traffic patterns to, I would think dentistry in a med spa would work pretty well.

You've been in the industry a long time. Your view of private equity collectively and its role in the dental market, net positive, net negative, what do you like about what private equity has done and how do you see Pathway as being clearly differentiated?

Well, for me personally, without private equity, I wouldn't have a job. I'm not a clinician. And I think that private equity is really doing a great service to dentistry. It is bringing standardization, it's bringing standards, it is bringing to the forefront better technology. All this is improving patient care. From the patient's perspective, it's all positive. From the doctor who's there and in the middle of this, they're going to get better economics at this particular point in time. It's yet to be seen how the dentists coming out of dental school are going to benefit from what's happened in the market thus far. But I do think that an example would be High Point Dental down in North Carolina. Rick Workman funds a dental school for $30 to $40 million. You're going to have kids coming out of there with the latest and greatest tools to hit the ground running. And I just don't think that existed previously. So I think that the private equity has changed that for the better.

All this is improving patient care. From the patient's perspective, it's all positive. From the doctor who's there and in the middle of this, they're going to get better economics at this particular point in time.