

Lean on me

Dental services firm dbg is keen to make its mark on the wider healthcare market with its 'one-stop shop' approach, finds **Catherine Llewellyn**

It's a common refrain among dentists and GPs that they'd rather spend their time treating patients than dealing with burdensome admin. As private contractors, both professions face the challenge of running efficient and profitable businesses, while simultaneously meeting all their clinical duties. When Care Quality Commission (CQC) regulation of dentistry began last year, the pressure on practice owners cranked up further – forcing dentists to ensure all aspects of their operations fell into line with the watchdog. Local doctors are now facing the same challenge, with CQC regulation of GP practices due to begin in April 2013.

That's where dbg comes in. The Synova Capital-owned company provides services and products to the dental sector, including staff training, compliance audits, equipment maintenance and the supply of dental materials. Synova acquired the business in March 2010 (having noted the impact of the CQC challenge in dentistry)

and has since overseen rapid growth across the group.

The private equity firm's managing partner David Menton says dbg has tripled its earnings in the last two years thanks to an expansion in services and its client base. This has grown further with the recent acquisition of TAG Medical, a provider of on-site testing and calibration services for equipment in GP practices. The dbg is now attracting interest from potential trade buyers and other private equity firms, says Menton.

Founded in 1989 as the Dental Buying Group by entrepreneur Allan Stockwin, the company now supports around 8,000 dental practice locations – or more than 70% of practices in the UK, including big corporates like Integrated Dental Holdings. It started with a handful of "loyal" dentists – some of whom are still customers and ambassadors of the group – with a focus on providing buying services, much like a wholesaler.

Under the aegis of Synova, though, the

dbg has developed into a 'one-stop shop' aimed at meeting all practices' needs. The company's size, and reputation, has grown dramatically as a result. "The majority of the dental market didn't quite know what dbg was capable of," says Andy Sloan, head of sales at dbg. "The difference between dbg and Dental Buying Group is that the latter didn't offer a lot other than dental materials. In comparison, dbg administers 90% of services in house and covers areas such as training and compliance. That makes us no longer a buying group – in essence we're now truly a members' organisation."

The company prides itself on its breadth of service. In addition to its various training and management services, dbg is the largest independent inspector and repairer of dental autoclaves, X-rays and compressors in the UK. The firm has 90 members of staff – half of which are out on the road performing engineering and auditing duties. The rest are mainly based in the group's Cheshire office. Practices

can also ensure they're up to scratch with the dbg's cloud system – a virtual dental practice service where users can view their compliance records, conduct self assessments and browse products in an online shop.

In fact, the group is so confident about its level of service that it feels it has a peerless position in the market. Menton says that while most private investors in healthcare will look at the dental market at some point – be it financial services like Denplan, or the materials and supply-side of things, "no other company out there at the moment can offer the wide range of services that we do".

Having established a firm foothold in the dental sector, dbg identified clear synergies with the GP market, and sealed the acquisition of TAG Medical in March this year. "We've got a very strong reputation in dentistry for training and compliance and can see that flowing through to the GP market, especially with the immediate compliance need GPs have," says Sloan. TAG provides its medical equipment services at over 3,000 sites, focusing on the GP, hospital and pharmacy markets. As with its dental customers, dbg is now rolling out an advice line for GP members, which they will be able to use prior to CQC inspections.

The dbg believes there are opportunities to expand further across the healthcare market, too. Menton says the business

could do more acquisitions, but also points out that there are plenty more organic opportunities to expand in dentistry and the GP market – both by adding members and new support services.

The group is also looking to explore other verticals in the healthcare sector, such as the veterinary market, he says. "The reputation we have in dentistry and the position TAG has in the GP market bodes well for the medical sector," notes Menton. "Other healthcare verticals will come online in the future with an offering completely relevant to them."

The dbg management team is keen to insist, though, that despite the company's increasing scale, it won't lose focus on its clients' needs. Kanesh Khilosia, chief executive of the company, says dbg's membership terms are highly flexible, and tailored to the individual needs of practices. "That's one thing that we've been keen to ensure, it's core to our company ethos," he says. "So, if a dental practitioner is a 'one-man band', with just a dentist and a nurse, we're acutely aware that practice will require a completely different package compared to a big corporate with 100 locations."

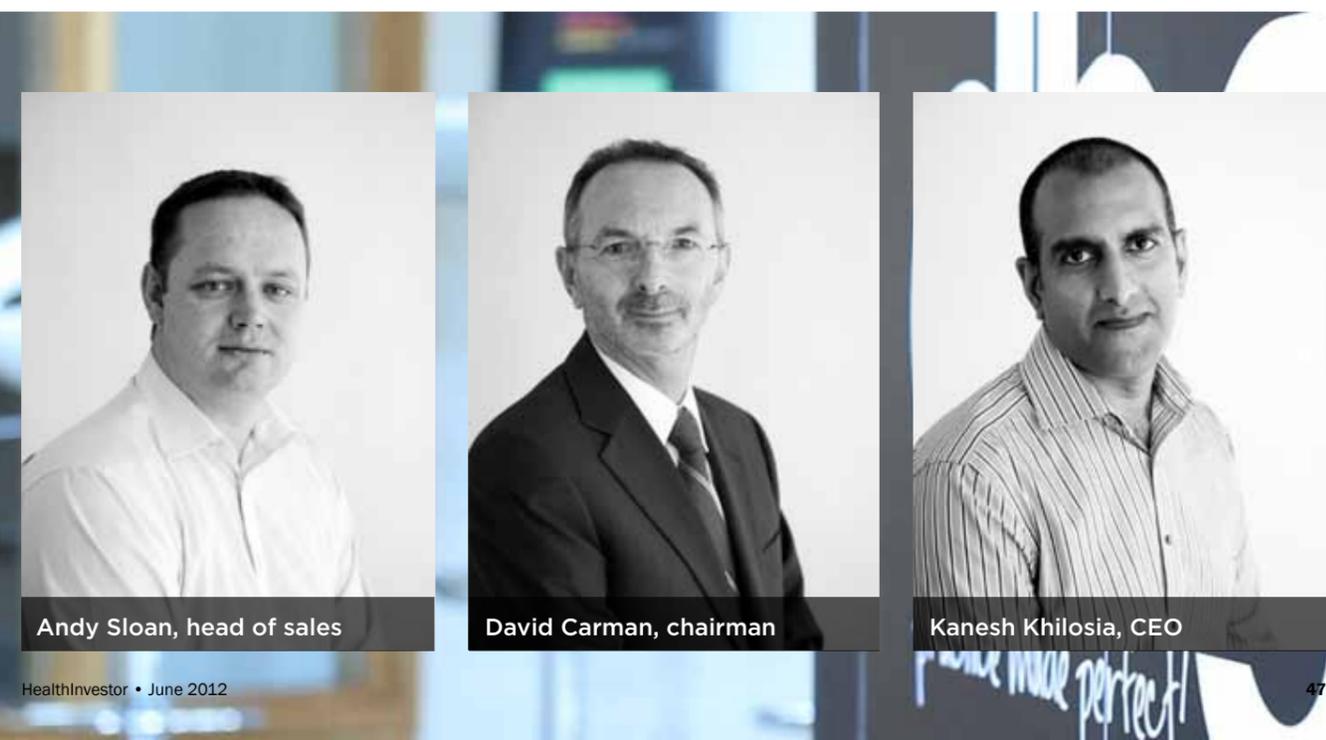
In the context of CQC regulation, for example, a dbg membership can provide practices with strategy plans to ensure they meet the required standards prior to inspection. Sloan says the firm has seen no shortage of practices coming forward for compliance help – particularly as some

practice managers are ill informed of the standards they need to meet. In fact, Menton recalls one case of a high-end dentistry practice where dbg found that the X-ray machine had been calibrated to generate images that were the wrong way round.

Of course, the company's efforts can only go so far. The dbg cannot lay claim to a 100% CQC pass rate for all its clients, for example, which reflects the fact that some dental practices might not have taken its advice or followed the necessary strategy plans. But dbg chairman David Carman says the service is always available to members and helps as much as it can. Some practices simply choose not to be audited as regularly as others.

The company's rapid growth over the last couple of years suggests most dentists want to have access to dbg's 'one-stop shop' – regardless of what they then do with their membership. With the Health & Social Care Act 2012 having put the onus on localised providers to shape services, it's not surprising that a company like dbg, with its firm foothold in the primary care market, is now attracting potential buyers.

"I think for a company to go from being relatively unknown, to have the spotlight shined on it in the space of a couple of years is obviously going to attract interest," says Menton. "We've achieved a lot over the last couple of years... and we still have a lot more to come." ■



Andy Sloan, head of sales

David Carman, chairman

Kanesh Khilosia, CEO