THE 2026 DENTAL TECHNOLOGY LANDSCAPE

Cloud, AI, and the Economics of Modern Practice Management

HealthStream Ventures

THE 2026 DENTAL TECHNOLOGY LANDSCAPE:
CLOUD, AI, AND THE ECONOMICS OF MODERN PRACTICE MANAGEMENT

A state of the industry report by HealthStream Ventures

BACKGROUND, METHODOLOGY & DISCLOSURES

This report was developed by HealthStream Ventures as an independent industry analysis of technology, economics, and consolidation trends in dentistry. It is intended for practice owners, group leaders, DSO executives, investors, and advisors who are evaluating long-term technology strategy and modernization pathways.

The analysis synthesizes quantitative and qualitative inputs from multiple sources, including: (1) HealthStream Ventures' 2023–2025 DSO/OSO Market Overview; (2) American Dental Association (ADA) Health Policy Institute (HPI) research on economic conditions and workforce dynamics; (3) the Frazier & Deeter 2025 Dental Industry Report; (4) public research on cybersecurity and the cost of data breaches; (5) vendor announcements, product documentation, and press releases; and (6) interviews with practice owners, operations leaders, and technology partners.

Quantitative inputs include estimates of practice segmentation, technology adoption rates, economic indicators, and workforce metrics. Qualitative inputs include structured interviews, case observations from consultants and integrators, and HealthStream Ventures' ongoing advisory engagements. Where possible, claims and trends are anchored in third-party publications and public disclosures, with details documented in Appendix A.

For clarity, this report defines practice segments as follows: (1) solo practices (single location); (2) small groups (2–3 locations); (3) growth practices (2–15 locations); (4) emerging DSOs (16–30 locations); (5) enterprise DSOs (30–75 locations); and (6) super DSOs (75+ locations). Technology categories are defined as: (1) server-based PMS; (2) cloud bolt-on/roll-up platforms; (3) cloud-native unified PMS; and (4) overlay platforms that extend server-based functionality.

Where specific vendors are referenced, they are included as representative examples based on publicly available information. All opinions are those of HealthStream Ventures.

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OVERVIEW

This report examines how economic pressure, labor constraints, consolidation, and technology evolution are reshaping the operating reality of dental practices—and which practice management strategies best position organizations for profitability, scalability, and long-term value in 2026 and beyond.

EXECUTIVE SUMMARY & KEY TAKEAWAYS

TRADITIONAL OPERATING MODELS ARE SHOWING THEIR LIMITS

Despite sustained patient demand, many dental practices are experiencing growing operational strain. Inflation-adjusted dentist income has declined, overhead continues to rise, and staffing shortages persist across clinical and administrative roles. At the same time, consolidation is accelerating, raising expectations for standardization, data visibility, and operational discipline—particularly for multi-location groups preparing for growth or exit.

Traditional, labor-intensive operating models—and the legacy, server-based systems that support them—are increasingly misaligned with these realities.

HOW TECHNOLOGY IS RESHAPING THE MARKET

HealthStream Ventures' analysis highlights several structural shifts shaping the market:

- **Technology now functions as core operating infrastructure**, directly influencing margins, labor efficiency, scalability, and enterprise value.
- **Legacy server-based PMS platforms are entering late-stage decline**, as innovation, security investment, and development increasingly concentrate on cloud-native systems.
- **Cloud-native, unified platforms deliver clear operational advantages**, including standardized workflows, centralized reporting, automation, and AI readiness.
- **Modernization paths vary by scale**, with different requirements for solo practices, growth-stage groups, emerging DSOs, and enterprise organizations.
- **Technology maturity is increasingly reflected in valuation**, with unified cloud platforms supporting higher multiples and smoother transaction outcomes.

EXECUTIVE SUMMARY & KEY TAKEAWAYS
(Continued)

THE DENTAL SOFTWARE MARKET IS STRUCTURALLY SHIFTING

Based on these findings, several practical implications emerge:

- Practice management decisions should be treated as **strategic business choices**, not isolated IT upgrades.
- Platform architecture should be selected with **future scale & transaction readiness** in mind.
- Modernization is most effective when pursued **deliberately and ahead of growth**, rather than under time pressure.
- Automation and AI are becoming essential tools for **maintaining efficiency** and **protecting margins** in a constrained labor environment.

WHY IT MATTERS

Practices and groups that align technology decisions with their operating model and growth strategy are better positioned to protect margins, operate with leaner teams, scale efficiently, and improve buyer confidence. Those that delay modernization face rising operational friction, increasing risk, and fewer strategic options over time.

PART 1: DENTISTRY'S "EFFICIENCY MANDATE"
THE ECONOMIC CASE FOR MODERNIZATION

The dental industry currently stands at a critical economic inflection point. Persistent economic pressure, staffing constraints, evolving patient expectations, and steady consolidation mean that technology is no longer a back-office utility; it is strategic infrastructure that influences profitability, scalability, and enterprise value. While patient demand remains robust—with the global dental services market growing at approximately 4–5% annually[1]—profitability is under siege.

Practices are navigating a "triple threat" that is reshaping the business of dentistry:

1. MARGIN COMPRESSION

While gross billings have risen, inflation-adjusted take-home income for general dentists has declined materially—from a peak of approximately ~$267,000 in 2010 to ~$207,000 in 2024.[2]

2. SKYROCKETING OVERHEAD

Operating costs have climbed steadily, with an average 62% of practice revenue now consumed by overhead.[3] Staffing and supply costs, in particular, continue to outpace inflation.

3. THE "AMAZON" PATIENT

Patients increasingly expect frictionless, digital-first experiences—24/7 online booking, text-based communication and payments, digital forms, and real-time insurance clarity. These expectations are shaped by broader consumer experiences in banking, retail, and telehealth, and are reinforced by large DSOs that explicitly market technology-enabled convenience. Practices that fail to meet these expectations risk erosion of trust, satisfaction, and long-term retention.

For the past three decades, technology in dentistry functioned primarily as an operational tool. In 2026, it is a survival mechanism. HealthStream Ventures' analysis indicates that a practice's digital infrastructure is no longer just an IT decision—it is a primary lever available to restore margins, stabilize labor models, and maximize enterprise value.

PART 1: DENTISTRY'S "EFFICIENCY MANDATE"
THE ECONOMIC CASE FOR MODERNIZATION (Continued)

GROWTH WITHOUT EFFICIENCY IS NO LONGER SUSTAINABLE

For decades, most dental practices operated under a straightforward model: add staff to support growth, rely on manual coordination between systems, and absorb complexity incrementally. That model is no longer sustainable.

As practices evolve—whether by adding locations or simply taking on greater operational complexity—the limits of traditional workflows become harder to ignore. Inconsistent processes, fragmented reporting, and reliance on manual front-office work introduce variability and reduce visibility, even within a single office. What once felt manageable quickly becomes a constraint as complexity increases.

Compounding these challenges, rising staffing costs, ongoing labor shortages, and flat reimbursement rates are squeezing margins and putting more pressure on already stretched teams. ADA and American Dental Hygienists' Association (ADHA) research shows that roughly four in ten dental practices are attempting to hire hygienists or assistants in a typical month, and the majority describe recruitment as very or extremely challenging.[4] With hiring challenges persisting across both clinical and administrative roles, practices are increasingly expected to maintain the same schedules and production levels with fewer people. This exposes inefficiencies that were previously less visible: duplicate data entry, manual insurance workflows, disconnected systems, and inconsistent training.

Consolidation further raises the bar. While the majority of practices remain single-location, the most rapid growth is occurring in 2–15 location groups and 16–30 location emerging DSOs. HealthStream Ventures' DSO/OSO data indicate that these segments are increasingly centralizing operations and preparing either for continued expansion or for private equity sponsorship.[5] What may feel tolerable in a single office becomes increasingly difficult to manage as scale increases.

PART 1: DENTISTRY'S "EFFICIENCY MANDATE"
THE ECONOMIC CASE FOR MODERNIZATION (Continued)

DENTAL TECHNOLOGY AT AN INFLECTION POINT: FROM SERVER-BASED SYSTEMS TO CLOUD-NATIVE PLATFORMS

The operating demands facing practices today have exposed the limits of legacy technology and elevated the role of modern platforms. Cloud-native, all-in-one practice management platforms are gaining share as legacy server-based systems enter a late-stage decline, often described as the "Software Death Spiral."[5] Aging on-premise systems receive fewer enhancements, face growing cybersecurity exposure, and require increasing maintenance investment, while vendors concentrate R&D on cloud platforms.[6] As a result, practices that remain on legacy systems face growing operational risk and diminishing long-term support.

In this context, practice management software (PMS) has shifted from a transactional system to a strategic platform for standardization, automation, and analytics. The gap between cloud-native PMS and aging server-based systems is widening each year as more development effort and innovation concentrate on cloud platforms.

Put simply: the practices that outperform over the next decade will not be those that simply grow patient volume, but those that redesign how work gets done. Technology now determines whether practices can deliver consistent performance, absorb growth without operational drag, & remain attractive to buyers and investors. In this environment, modern practice management systems are no longer an upgrade—they are the foundation of sustainable profitability.

DID YOU KNOW?

With 62% of dentists citing hiring as their #1 concern, automation is no longer optional. Moving to an all-in-one cloud platform can reduce front-desk administrative hours significantly—solving staffing shortages without the cost of recruiting and training new employees.[7]

PART 1: DENTISTRY'S "EFFICIENCY MANDATE"
THE ECONOMIC CASE FOR MODERNIZATION (Continued)

MODERNIZATION IS NOT ONE-SIZE-FITS-ALL

Although cloud adoption in dentistry still trails other healthcare verticals, the gap is narrowing quickly as dental teams prioritize resilience and efficiency. Practice leaders consistently cite three drivers behind the shift toward cloud platforms:

1. The need for automation and efficiency in revenue cycle and front-office workflows[5];
2. Staffing challenges that favor intuitive, standardized systems[7]; and
3. A desire to future-proof the practice or group in anticipation of growth or sale.[4]

Rather than converging on a single solution, the market is fragmenting into distinct technology strategies. Practices are choosing platforms based on scale, staffing realities, and long-term objectives. HealthStream Ventures identifies **three primary modernization pathways** for dental organizations:

PATHWAY A: MIGRATE TO A CLOUD-NATIVE ALL-IN-ONE PMS

This is typically the most durable route for single-location practices and especially for 2–15 location groups planning to scale or preparing for a future transaction. Cloud-native platforms, such as Curve Dental®, are designed around unified cloud architecture spanning clinical, financial, and engagement workflows, backed by sustained product investment—a crucial aspect of long-term viability.

PATHWAY B: MODERNIZE OPEN DENTAL WITH OVERLAYS (BRIDGE STRATEGY)

At the same time, a significant number of practices continue to run Open Dental, one of the strongest server-based PMS options due to its open architecture and robust ecosystem. For these practices, modernization is increasingly approached in phases. Overlay solutions such as Flex Dental Solutions for patient engagement and automation, and DentalHQ for membership plan management and recurring revenue, allow practices to address immediate operational gaps while extending the useful life of Open Dental. For many, this hybrid approach serves as a transitional step while planning for eventual cloud migration.

PART 1: DENTISTRY'S "EFFICIENCY MANDATE"
THE ECONOMIC CASE FOR MODERNIZATION (Continued)

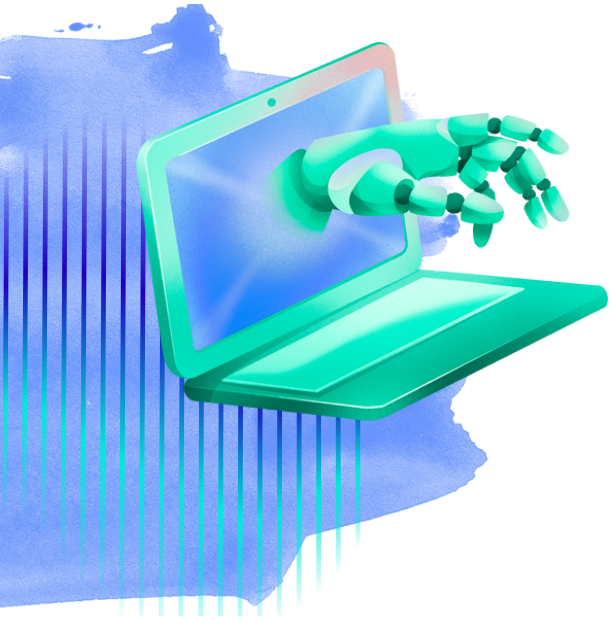
PATHWAY C: ADOPT ENTERPRISE-GRADE CLOUD PMS FOR LARGER DSOS

For 30+ location organizations with complex specialty and corporate requirements, enterprise platforms such as Denticon are often selected for their ability to support complex organizational structures at scale. These platforms typically support multi-specialty workflows, centralized call centers, advanced analytics, and complex organizational structures. Recent market activity explicitly links migration from Dentrix Enterprise to Denticon to the approaching end-of-life status of legacy enterprise platforms, further reinforcing the structural shift away from on-premise architectures.

Selecting the appropriate pathway depends on current scale, growth plans, capital constraints, and change readiness. The highest-performing groups typically make these decisions *ahead* of growth pressure, rather than during periods of operational strain or transaction timelines. Groups that engage in technology planning early—aligning platform decisions with growth and exit objectives—are better positioned to avoid rushed migrations, valuation surprises, or buyer-imposed system changes later in the process.[2,6]

PART 2: THE "SOFTWARE DEATH SPIRAL"

WHY LATE-STAGE LEGACY SYSTEMS INCREASE COST AND RISK



HealthStream Ventures uses the term “Software Death Spiral” to describe a lifecycle pattern in mature software markets: as products age, vendors concentrate investment and innovation on the next-generation platform (typically cloud), leaving legacy products with fewer meaningful enhancements and rising maintenance burden.

This effect is being seen across multiple legacy platforms as vendors redirect R&D toward cloud products.

For practices, late-stage legacy platforms can create compounding risk:

OPERATIONAL DRAG

Workarounds multiply as workflows lag modern expectations, increasing staff time and reducing consistency.

SECURITY EXPOSURE

Locally hosted infrastructure can introduce uneven security controls and higher risk surface area, while healthcare remains the most expensive sector for breach response.[8]

FORCED MIGRATION RISK

When platforms reach end-of-life, practices can be forced into compressed transition timelines—often during periods when disruption is least tolerable.

PART 2: THE "SOFTWARE DEATH SPIRAL"

Why Late-Stage Legacy Systems Increase Cost and Risk (Continued)

THE ANATOMY OF THE SPIRAL

THE "SUNSET" TREND

We are witnessing a "Migration Mandate" across the industry. Major legacy distributors are aggressively moving their own enterprise clients off on-premise servers and toward cloud alternatives like Dentrix Ascend. When a vendor prioritizes migration over innovation for their legacy product, it is a clear signal that the platform's long-term viability is limited.

THE CYBERSECURITY GAMBLE

The stakes have never been higher. The average cost of a healthcare data breach has hit upwards of **$9.77 million**, the highest of any industry for 14 consecutive years.[8] **Ransomware attacks against the healthcare sector surged 30% in 2025**, as cybercriminals shifted focus to vendors and service partners.[9] Legacy servers—often patched manually and infrequently—are the primary target. In contrast, organizations leveraging automation in their security (common in true cloud platforms) have been shown to save an average of **$2.2 million in breach costs**.[8]

THE "FAKE CLOUD" TRAP:

Some practices attempt to host their legacy software in the cloud (e.g., via a remote desktop). This incurs high hosting fees while retaining the same lack of integration, limited AI capabilities, and data silos that hamper growth.

PART 2: THE "SOFTWARE DEATH SPIRAL"

Why Late-Stage Legacy Systems Increase Cost and Risk (Continued)

THE PATTERN TYPICALLY UNFOLDS IN 5 STAGES

1. **Reduced feature development**, with only minor maintenance releases
2. **Growing user frustration** as workflows lag industry needs
3. **Customer attrition** as practices migrate to newer systems
4. **Shrinking revenue,** which further reduces the vendor's capacity to invest
5. **Formal end-of-life declarations** that force remaining customers to transition under time pressure

PART 2: THE "SOFTWARE DEATH SPIRAL"

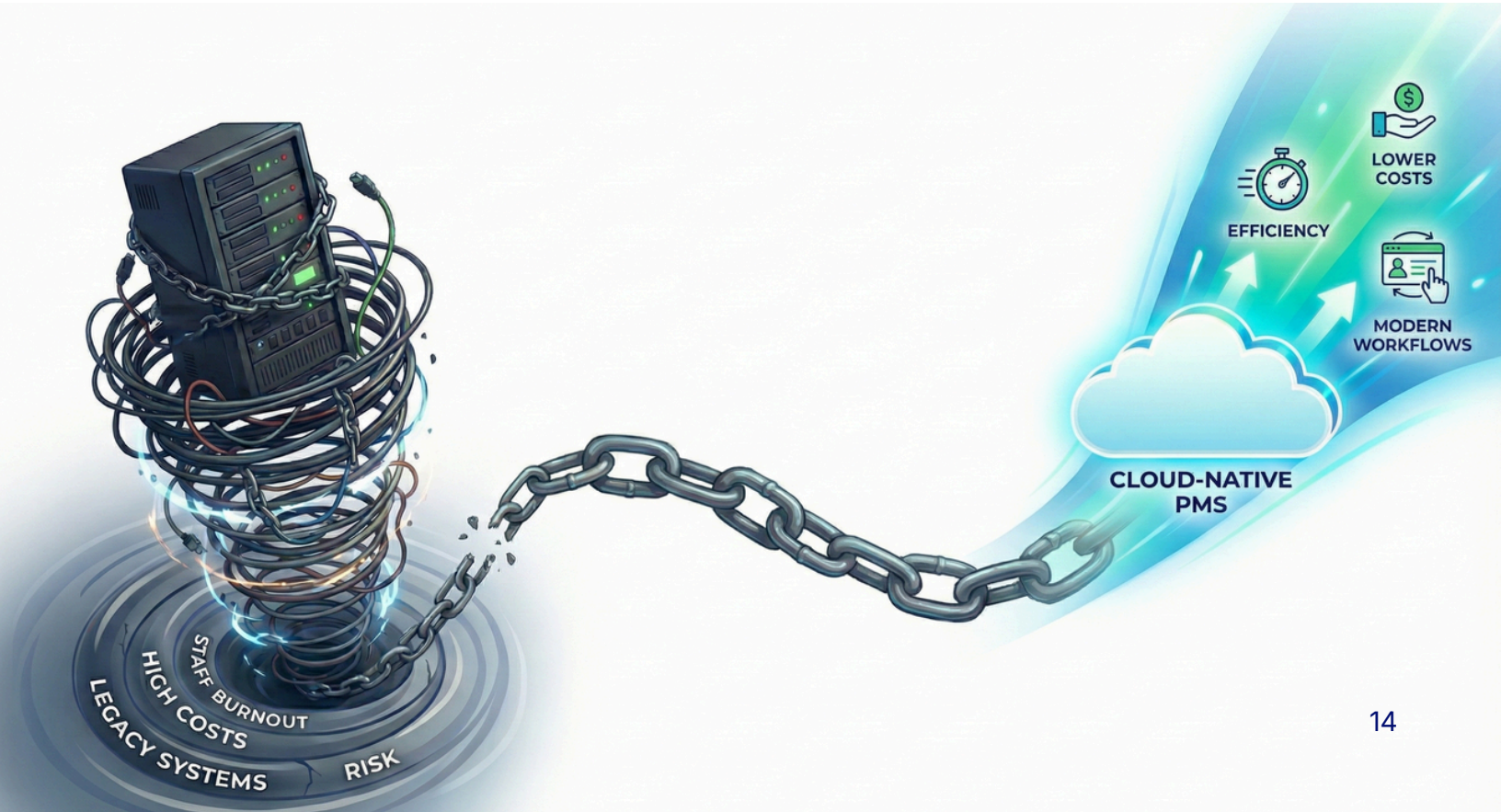
Why Late-Stage Legacy Systems Increase Cost and Risk (Continued)

Dental practices stuck in this spiral face higher IT labor costs and staff burnout. Moving to a true cloud environment can reduce total technology costs by ~20% over five years.[10]

Recent market activity illustrates this dynamic. Eastern Dental Management, a large enterprise-level DSO, publicly cited Dentrix Enterprise's approaching end-of-life status as a factor in its decision to migrate to the Denticon cloud platform, explicitly framing the move as a modernization initiative away from a legacy enterprise product.[11]

The only durable escape from the Software Death Spiral is migration to cloud-native PMS or, in the near term for Open Dental users, supplementing server-based PMS with overlays that mitigate risk and modernize patient and revenue workflows while long-term plans are developed.

Implication: The longer organizations remain anchored to late-stage legacy platforms, the higher the cumulative cost of friction, risk, and future migration pressure.



PART 3: DIGITAL TRANSFORMATION & AI

THE NEW OPERATING FABRIC

Digital transformation in dentistry has progressed through four broad waves:

- Digitization of records and imaging
- Front-back office connectivity
- Migration to cloud-native platforms
- Emerging intelligence—with AI & automation reshaping clinical & business operations

Cloud-native platforms are particularly well-positioned to support AI and automation because they centralize data in a single, secure environment and can deliver updates without downtime. Curve Dental, for instance, is at the forefront of AI development in dentistry, leveraging a unified cloud architecture that allows AI capabilities to be embedded directly into clinical and financial workflows, supported by an annual $20 million product development investment. Much of this investment is being directed toward developing AI-powered support tools, insurance verification, and clinical tools.[12]

As AI adoption accelerates, the divide between cloud-native and legacy systems will become even more pronounced. Practices on modern platforms will be better able to leverage predictive analytics, exception-based workflows, and real-time insights; those on late-stage systems will struggle to keep pace.

PART 3: DIGITAL TRANSFORMATION & AI

THE NEW OPERATING FABRIC (Continued)

WHERE AUTOMATION IS CHANGING ECONOMICS FIRST

REVENUE CYCLE MANAGEMENT (RCM):
AI is increasingly used to automate eligibility checks, flag claims likely to be denied, optimize follow-up workflows, and improve estimation of patient responsibility. Practices adopting AI-enabled RCM tools report higher first-pass acceptance rates, reduction in 30/60/90 A/R segments, and reduced administrative workload.[12]

CLINICAL DECISION SUPPORT:
FDA-cleared radiographic AI platforms such as Overjet, Pearl, and VideaHealth have demonstrated that dentists detect significantly more carious lesions and periodontal bone loss when supported by AI overlays, with one study noting that dentists missed roughly 40–45% fewer teeth with decay when using the system compared with unaided review.[13] These tools support more consistent diagnostics, clearer patient communication, and higher treatment acceptance.

PATIENT EXPERIENCE:
Cloud ecosystems allow integrated online scheduling, two-way texting, digital forms, and payment tools. Overlays such as Flex extend these capabilities for Open Dental users by delivering deep integration of patient communications, scheduling, forms, and payments directly against the server-based PMS.

PART 4: PLATFORM ARCHITECTURE & VENDOR FIT
MATCHING TECHNOLOGY TO THE GROWTH STAGE

The dental PMS market has evolved beyond feature checklists. The most meaningful differentiation now lies in platform architecture and how well it aligns with a practice's scale, complexity, and growth. Based on current consolidation trends and technology investment patterns, the PMS landscape can be organized into three architectural categories—each suited to distinct operational realities:

1. LEGACY SERVER-BASED SYSTEMS: STABILITY WITHOUT SCALABILITY AND SECURITY CONSTRAINTS

Legacy server-based systems—including Practiceworks, SoftDent, Dentrix (on-premise), Eaglesoft, and Open Dental—were foundational in digitizing dentistry but now face inherent scalability and security limitations. Development velocity has slowed across many of these platforms as vendors prioritize cloud products, although Open Dental continues to stand out among server-based systems for its relative configurability and extensibility.

2. CLOUD BOLT-ON OR ROLL-UP PLATFORMS: SPEED WITH STRUCTURAL TRADEOFFS

Cloud bolt-on or roll-up platforms typically layer modern interfaces on top of multiple underlying systems, often acquired over time. While these platforms can offer broad functionality quickly, they tend to suffer from fragmented data models, inconsistent user experiences, and higher long-term integration complexity.

These platforms may appeal to organizations prioritizing rapid expansion, but they often struggle to deliver operational simplicity as scale increases.

3. CLOUD-NATIVE UNIFIED PLATFORMS: PURPOSE-BUILT FOR LONG-TERM SCALABILITY

Cloud-native unified platforms, by contrast, are built from the ground up as multi-tenant, browser-based systems with a single codebase and centralized data model. This design eliminates many of the structural inefficiencies found in legacy and roll-up solutions and enables continuous innovation, standardized workflows, and real-time visibility across locations for multi-location groups.

Across these categories, vendor fit shifts based on growth stage.

PART 4: PLATFORM ARCHITECTURE & VENDOR FIT

MATCHING TECHNOLOGY TO THE GROWTH STAGE (Continued)

1–15 LOCATIONS (GROWTH-STAGE GROUPS)

For private practices and emerging groups, the goal is "Enterprise Power without Enterprise Bloat."

- **Recommendation: Curve Dental** has emerged as the clear leader for single location practices and smaller to mid-sized groups prioritizing standardization, centralized reporting, and cloud-native scalability. It provides the scalability needed for multi-location groups—centralized reporting, standardized workflows, and data visibility—while remaining agile enough for independent owners.
- **The "All-in-One" Advantage**: Unlike vendors that expand through ad-hoc add-ons, Curve follows an intentional "Build and Integrate" strategy. Core functions like charting, billing, imaging, payments, automated patient verification, and patient engagement live in one native code base, which eliminates the "login fatigue" that plagues staff and simplifies daily operations. When specialized capabilities —such as membership plan management—are added, they're deeply integrated to feel cohesive rather than bolted on.

30+ LOCATIONS (ENTERPRISE DSOS)

For both mid-market and massive, private-equity-backed DSOs managing hundreds of locations, the needs shift toward extreme customization and complex corporate hierarchy management.

- **Recommendation: Denticon (Planet DDS)** is commonly selected by larger groups requiring enterprise-grade hierarchy, centralized operations including call center workflows and advanced analytics.
- **Preferred for "Super DSOs"**: While powerful, the implementation timeline and complexity are often overkill for emerging groups, making it less agile for those in the rapid-growth phase (under 16 locations).

PART 4: PLATFORM ARCHITECTURE & VENDOR FIT

MATCHING TECHNOLOGY TO THE GROWTH STAGE (Continued)

SERVER-BASED LOYALISTS (NOT READY TO MIGRATE)

For practices that are not yet ready to abandon their servers, open dental systems supported with API integrations can offer a bridge strategy while planning a longer-term roadmap.

- **Recommendation:** Among server-based options, **Open Dental** retains strong adoption and an active ecosystem. However, on its own, it may lack some of the modern patient engagement and automation capabilities increasingly expected in 2026.
- **API Solutions:** To bridge the gap, many Open Dental practices turn to overlays like **DentalHQ** for membership automation, and **Flex Dental Solutions** for modern, paperless workflows—allowing server-based practices to mimic some cloud efficiencies without a full data migration.

PART 4: PLATFORM ARCHITECTURE & VENDOR FIT

MATCHING TECHNOLOGY TO THE GROWTH STAGE (Continued)

THE BOTTOM LINE: MODERNIZATION IS NO LONGER OPTIONAL

HealthStream Ventures' analysis suggests that cloud-native unified PMS offers the strongest alignment with long-term industry needs—particularly for 2–15 location growth practices that require standardization, centralized reporting, and scalability without the overhead of enterprise-grade complexity.

- **Server-based systems** can be stabilized—but not future-proofed—without a cloud roadmap
- **Roll-up platforms** trade speed for long-term operational friction
- **Cloud-native unified platforms** deliver the clearest path to scalable efficiency

The most successful practices are no longer asking *what software has the most features*, but *which architecture best supports where we are—and where we're going next*.

PART 5: GROUP & DSO DYNAMICS
TECHNOLOGY AS A VALUATION AND EXIT LEVER

Value creation in the current M&A environment is increasingly concentrated in multi-location groups preparing for recapitalization or exit. Buyers are underwriting operational maturity—not just growth potential—with technology infrastructure serving as a primary signal of risk, scalability, and earnings quality.

TECHNOLOGY DEBT AS A MULTIPLE SUPPRESSOR

Groups operating across multiple locations on fragmented or legacy PMS environments introduce material diligence risk. Disparate servers, inconsistent data definitions, and limited real-time visibility increase the expected cost of post-close integration and expose weaknesses in reporting, compliance, and cybersecurity. These risks are routinely priced into transactions through lower EBITDA multiples, longer holdbacks, or increased integration reserves.

In this context, the approaching end-of-life of legacy enterprise systems has become a forcing function. Eastern Dental Management's decision to migrate away from Dentrix Enterprise illustrates how sophisticated DSOs are proactively modernizing their technology stack ahead of a liquidity event—rather than waiting for a forced transition during diligence, when negotiating leverage is lowest.[11]

THE RANSOMWARE REALITY

*Practices relying on local servers remain the primary target for ransomware attacks, which **rose 30%** since 2024.*[14]

*The average cost of a healthcare breach is nearly **$7 million globally and over $10 million in the U.S**—hitting a record high.*[15] *Cloud-native platforms mitigate this risk through enterprise-grade encryption and redundancy that individual offices simply cannot match.*

PART 5: GROUP & DSO DYNAMICS

TECHNOLOGY AS A VALUATION AND EXIT LEVER (Continued)

UNIFIED CLOUD PLATFORMS AS A MULTIPLE ACCELERATOR

By contrast, groups operating on unified cloud-native PMS platforms present buyers with a materially de-risked asset. Centralized data enables faster diligence, cleaner financial validation, and immediate visibility into core performance indicators such as AR days, recare compliance, production per provider, and location-level profitability.

From an acquirer's perspective, these platforms signal:

- **Audit readiness**: standardized reporting across all locations
- **Scalability**: the ability to onboard additional locations without IT re-architecture
- **Margin durability**: lower administrative overhead and reduced dependency on incremental headcount in a high-wage environment

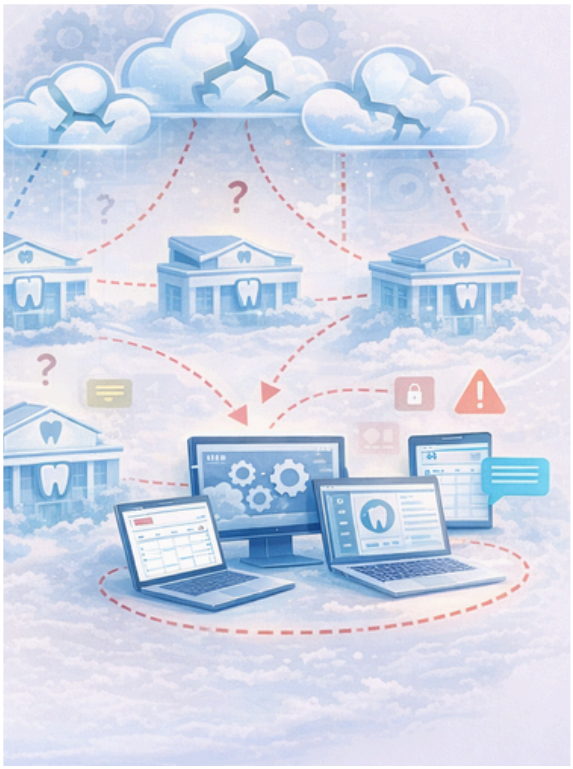
As a result, technology maturity increasingly functions as a value multiplier, not merely an operational preference. Groups with unified, modern PMS infrastructure are positioned as "plug-and-play" platforms—commanding higher multiples, smoother recapitalizations, and faster close timelines.

For growth-oriented groups, PMS selection has become a capital-markets decision that directly affects valuation, exit options, and buyer confidence.

PART 6: FROM SOLO TO GROUP

EARLY DECISIONS THAT SHAPE LONG-TERM OUTCOMES

A growing segment of dentists are no longer waiting for acquisition opportunities—they are proactively forming small groups. While this approach can accelerate growth and increase enterprise value, early technology and workflow choices often determine whether scaling becomes repeatable—or fragile.



GROUPS THAT SCALE CLEANLY TEND TO:

- Standardize on a single, scalable PMS architecture early.
- Establish consistent workflows for scheduling, billing, and reporting before adding locations.
- Centralize financial and operational visibility even while operations remain lean.

GROUPS THAT STRUGGLE OFTEN:

- Allow location-by-location technology decisions.
- Underestimate the cost and disruption of later consolidation.
- Defer core infrastructure decisions until growth outpaces capability.

Treating technology as shared infrastructure—rather than a local office preference— better positions these groups to scale efficiently, attract institutional buyers, and preserve optionality as the organization grows.

PART 7: MODERNIZATION BEYOND OPERATIONS
RETHINKING FINANCIAL WORKFLOWS

As practices modernize clinical and operational workflows, financial processes are increasingly determining whether those gains stick. Because financial workflows are tightly coupled with the practice management system, gaps in technology architecture often surface most clearly at the front desk and in collections.

COMMON CHALLENGES INCLUDE

- Manual insurance verification and payment workflows that slow teams down
- Limited visibility into patient responsibility and collections status
- Reactive collections processes that increase administrative effort and cash-flow volatility

As volume and complexity increase, these issues compound—turning financial operations into a growing source of inefficiency rather than a support function.

In response, many practices are treating financial workflows as part of their core technology stack, adopting more automated, PMS-integrated approaches designed to improve efficiency and predictability.

MODERN FINANCIAL WORKFLOWS ARE CHARACTERIZED BY

- Deeper integration with the PMS rather than standalone tools
- Greater automation across patient-facing and back-office processes
- Real-time visibility into financial activity alongside scheduling and clinical data

Membership plans represent one extension of this broader shift toward PMS-connected financial infrastructure. When supported by purpose-built platforms, such as DentalHQ, and integrated into the practice management system, they enable recurring revenue and patient loyalty without adding manual overhead. The same integration model now underpins other financial modernization efforts, all of which depend on consistent data flow across scheduling, billing, and patient communication systems.

Bottom line: financial modernization rises or falls with the strength of the underlying technology platform. Practices that align financial workflows with their broader system architecture are better positioned to operate with stability, scale efficiently, and adapt as demands grow.

PART 8: TECHNOLOGY ADOPTION, CHANGE MANAGEMENT & IMPLEMENTATION

Even when the strategic rationale is clear, technology initiatives can fail without structured change management. Common barriers include fear of disruption during migration, staff resistance, limited internal project management capacity, and underestimation of cultural change.

Successful organizations take a phased approach:

1. **Assessment** of current workflows, tools, and risks;
2. **Selection** of the appropriate modernization pathway and vendor;
3. **Structured implementation** with clear ownership, vendor-led training, and staged go-live plans; and
4. **Continuous optimization** of workflows, analytics, and automation after go-live.

Vendor partnership quality is a major determinant of success. Practices should evaluate not only feature sets, but also the depth of onboarding programs, availability of role-based training, and responsiveness of support. Cloud-native vendors, whose business models rely on long-term subscription relationships and central hosting, are generally better positioned to deliver high-touch implementation and ongoing improvement support.

Because cybersecurity incidents in healthcare remain expensive, modernization planning should explicitly include security posture evaluation and migration away from brittle on-premise infrastructure where possible.

These implementation decisions carry implications beyond day-to-day operations. When organizations decide to explore a transaction, the quality of decisions made before going to market often determines the outcome. Buyer representation can play a critical role at this stage by helping organizations pressure-test assumptions, evaluate trade-offs, and understand how prospective buyers are likely to assess risk, value, and integration complexity. Groups that engage buyer-side advisors early are better positioned to align operational, technology, and timing decisions with market realities—reducing surprises during diligence and improving overall transaction outcomes.

PART 9: CASE SPOTLIGHTS
REAL-WORLD SCENARIOS

Three brief case spotlights illustrate how the modernization pathways translate into real-world outcomes.

CASE A (GROWTH-STAGE GROUP)

A two-location multi-specialty practice facing rising IT costs and workflow friction from a legacy server-based system migrated to a cloud-native platform to support expansion. The shift eliminated server maintenance, reduced IT expenses by roughly 90%, and improved operational efficiency by an estimated 50%. Freed from recurring technical issues and manual tasks, the practice redirected resources toward patient care and growth initiatives, ultimately increasing total production by more than 35% while preparing to scale beyond its initial footprint.[16]

CASE B (PRE-TRANSACTION GROUP)

A 10-location general dentistry group standardized on a single cloud-native PMS after scaling through acquisition. Prior to consolidation, leadership faced fragmented data, manual reporting, and limited visibility across locations. After unifying onto one platform, the group centralized clinical and financial data, reduced administrative overhead, and improved operational consistency—creating a cleaner, more scalable foundation to support ongoing growth and transaction readiness.[17]

CASE C (BRIDGE STRATEGY)

A single-location Open Dental practice modernized front-office workflows using Flex rather than replacing its core PMS. By upgrading online scheduling, digital forms, and patient communication, the practice reduced administrative friction, improved patient responsiveness, and increased operational efficiency at the front desk. These improvements were achieved without disrupting clinical workflows or requiring immediate system migration, demonstrating how targeted overlays can extend system value while preserving flexibility.[18]

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PART 10: TECHNOLOGY EVALUATION
TOOLS & FRAMEWORKS

To support disciplined decision-making, HealthStream Ventures recommends evaluating practice management platforms using a structured Technology Modernization Scorecard. This scorecard is designed to assess platforms across the dimensions that most directly influence operational performance, scalability, and long-term value.

A **sample scorecard** is provided below. It evaluates platforms across eight core categories:

- **Architecture**: Cloud-native unified platforms score highest; server-based systems score lowest due to structural limitations.
- **Investment Trajectory**: Platforms with clearly documented, ongoing R&D investment and active product roadmaps score higher than legacy systems with minimal updates.
- **Security**: Systems with strong encryption, redundancy, and modern cybersecurity practices score highest.
- **AI Readiness**: Assessed based on current capabilities—such as predictive RCM, clinical AI integrations, and analytics—and on the vendor's roadmap.
- **Workflow Integration**: Evaluated by how seamlessly clinical, financial, and patient-engagement workflows operate within a single system.
- **Scalability**: Measured by the platform's ability to support multi-location operations, centralized reporting, and consistent workflows without IT complexity.
- **Support and Implementation**: Assessed based on onboarding structure, ongoing support, and the vendor's ability to manage growth-related complexity.
- **Total Cost of Ownership (TCO)**: Evaluated over a multi-year horizon, including licensing, infrastructure, integrations, staffing, and ongoing maintenance.

In practice, these criteria should be tested through proof-of-concept sessions that reflect real operating scenarios—particularly multi-location workflows— rather than limited single-practice demonstrations.

In addition, practices should maintain a **Modernization Readiness Checklist** tailored to their scale:

- **Solo practices** should focus on patient experience, automation, and tool consolidation.
- **2–15 location groups** should prioritize PMS standardization and centralized RCM.
- **Emerging DSOs** should select an enterprise-capable cloud PMS with proven scalability.
- **Large DSOs** should build a broader data and integration strategy around their PMS of choice.

PART 11: CONCLUSION
BUILDING THE MODERN DENTAL ENTERPRISE

Economic pressure, staffing constraints, changing patient expectations, cybersecurity risk, and consolidation are simultaneously influencing how dental practices operate and plan for the future.

Legacy server-based systems are entering late-stage decline, with clear signs of reduced investment and, in some cases, documented end-of-life trajectories. As a result, practices are evaluating a range of modernization paths, from cloud-native platforms to phased approaches that extend existing systems while preparing for longer-term change.

The implications are clear. Modernization is no longer optional. Cloud-native, AI-ready infrastructure—complemented, where necessary, by targeted modernization overlays—will define the next decade of competitiveness in dentistry. Practices that continue relying on legacy systems will face growing operational friction, higher security risk, and increasing pressure from both patients and potential buyers. Those that treat technology as core infrastructure—aligning architecture with strategy, investing in staff training, and leveraging automation and AI—will be best positioned to thrive.

APPENDIX A
SELECTED DEFINITIONS

Cloud-Native PMS: A practice management system architected from inception to run in a multi-tenant cloud environment, with centralized data storage, browser-based access, and continuous, vendor-managed updates.

Server-Based PMS: A practice management system installed on local servers within a practice or group, requiring local IT management, periodic manual updates, and physical hardware for storage and processing.

Overlay Platform: A software solution that connects to a core PMS (often via API or direct database access) to provide patient engagement, automation, payment, membership, analytics, or AI capabilities without replacing the underlying PMS.

DSO (Dental Support Organization): A business entity that provides administrative and non-clinical services to a network of affiliated dental practices, allowing clinicians to focus on patient care while centralized teams handle operations, finance, HR, and marketing.

Membership Plan: A subscription-based financial arrangement in which patients pay a recurring fee to receive bundled preventive services and discounts on additional treatment, administered directly by the practice or through a membership platform.

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APPENDIX B
KEY SOURCES & CITATIONS

This appendix summarizes key external and internal sources referenced throughout the report.

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