

1300SMILES DENTISTS

ASX ANNOUNCEMENT

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PRESENTATION BY DR DARYL HOLMES, MANAGING DIRECTOR, TO THE AUSTRALIAN DENTAL INDUSTRY ASSOCIATION BRISBANE, QUEENSLAND

The brochure circulated by the ADIA promoting today's breakfast suggested that this meeting would give you a chance to "get inside the minds of the professionals who are driving the change" in our industry.

One of the many smart people in our head office suggested that we're not really driving the change, but rather shaping our business to meet the changing needs of dentists and dental patients. He went on to suggest a taxi driver image, with the dental industry in the back seat and myself, as the managing director of 1300SMILES, up in the driver's seat taking directions. But that image wasn't quite right.

Quite a different image sums up the situation for me. Remember the movie *Speed*? Sandra Bullock finds herself on a Los Angeles city bus which has been rigged with a bomb which will go off if the bus slows below fifty miles per hour. Something happens to the driver so she ends up driving. She has to take crazy risks to keep going fast through the increasingly heavy traffic.

Most players in the dental industry right now are passengers on that bus. You're not in control and the driver has never even driven a bus before. You're careening toward destruction if someone doesn't take heroic action. Today I'll talk about the action we're taking.

I'll also talk about which actors are likely to survive to the end of the movie and which ones aren't.

Now I know you won't be able to pay attention to the rest of my address until you remember how the movie ends. Suffice it to say that the hero, played by Keanu Reeves, takes a tremendous risk and somehow saves everyone. That's how it works in the movies.

In real life the dental industry is still packed helplessly into the back of the bus, and there's no Keanu Reeves standing by to save everyone. We're going to have to save ourselves. That's going to be scary, and you'll probably all be called upon to do things you've never done before.

Most people in this room understand that the dental industry in Australia now faces the biggest and most abrupt change ever. Over the past few years the Medicare Chronic Disease Dental Scheme became by far the largest single buyer of dental services in Australia, paying about one *billion* dollars annually.

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Until just a few weeks ago, CDDS was providing almost twenty percent of the revenue collected by all of the dentists in Australia. Twenty percent!

This gigantic spending program was then shut off, totally, with no warning. No new patients can participate in this program, and all treatment previously approved under the program must be completed by the end of this month--two weeks from now.

It's extremely rare for an entire industry to suffer an instantaneous 20% revenue decline, and many players in the industry still don't understand what this means. I'll tell you what it means from my point of view. A twenty percent decrease in revenue means that the average dental practice will have *no value* whatsoever.

What do I mean by that? I'm accustomed to looking at a dental practice as a business. Suppose a solo dentist has a solid practice generating \$800,000 per year in revenue. Suppose further that after paying his rent, staff, lab fees, and everything else, that dentist is left with net income of \$320,000.

If he's a sole practitioner, he probably feels pretty good about having \$320,000 in personal income, and that level of income still buys you a pretty nice life in most parts of Australia.

But if that dentist believes that he's building value in his practice and will someday be able to sell it, he's sadly mistaken, as that practice has *no value* as a business. The poor old dentist, and probably the accountant who congratulated him on his good results each year, has failed to account for the value of his personal service.

If he wanted to run that same practice as a business and pay a qualified dentist to do the actual work, he'd have to pay that dentist about 40% of turnover. On turnover of \$800,000, that 40% would cost \$320,000, and the profit in the practice, as a business, is zero. So far, so bad for those baby boomer dentists who imagine the sale of their practices will boost their retirement savings.

But it gets lots worse. Suppose that dentist is precisely average and gets 20% of his revenue from CDDS. In two weeks his annual revenue will drop by \$160,000 to \$640,000. His costs will barely change at all.

If he looks at his practice as generating personal income, then his income will drop by about half. If he looks at it as a business, his practice has gone from having zero value to one which makes a big annual loss.

Revenue matters a great deal in dentistry. That seems obvious enough, but dentists often lose sight of this fact. Over the years 1300SMILES has acquired a reasonably large number of ongoing practices, and I personally have had a detailed look at the accounts of more dental businesses than you can imagine. There are extremely few dental practices in Australia which would be profitable after a 20% decline in revenue.

Obviously there is great variation among practices as to how much they rely on CDDS for revenue. I am aware of many which have come to depend on CDDS for 50% of their revenue or even more. I cannot imagine any re-structuring which would enable such practices to carry on when the CDDS window closes in two weeks' time.

The business of acquiring dental practices has already ground to a halt across the industry. On behalf of 1300SMILES I can just say that we're waiting to see the BAS reports for the quarter ended in March 2013--that'll be the first full quarter of operation without any CDDS revenue, and

the first convincing indication of how various practices will survive in the post-CDDS era.

Many of you, as vendors to the industry, will also have noticed that the rate of practice acquisition by the various big players has slowed to a trickle. The different corporate players in the dental industry use different models, but all of them depend upon profitability at the level of each individual practice.

Some people are clinging desperately to the government's plan to introduce a new dental scheme. On the surface of it, the newly announced replacement scheme is better policy, fairer, and likely to deliver at least some assistance to those members of our society who truly need help to attain a minimum level of dental health. All that's great, but I can't believe we'll ever see it in operation. For a start, the new scheme isn't meant to commence until 2014. That's after the next election, of course.

If Labor gets back in we have to imagine that it will still be under pressure to balance its budget, and it's hard to see how the new dental scheme would escape cutbacks and delays at the very least.

If the Coalition forms the next government it will in all probability blame the current government for an exaggerated budget mess and use that as a reason to defer or cancel the new dental scheme. We can take some hope from the fact that it was a Coalition government which introduced the CDDS in the first place, but that doesn't mean the current crisis will be addressed any time soon.

So we're looking at no CDDS and nothing to replace it for the foreseeable future.

I have to say I've been underwhelmed by the ADA's role in all this so far. From where I sit it seems that while the ADA has focused on the many flaws of the CDDS it has paid somewhat less attention to how its members will cope in a post-CDDS world. Perhaps the ADA is running a powerful and effective lobbying campaign behind the scenes and I just haven't seen the evidence of it yet.

In a way this makes things clearer for those of us who intend to survive the current crisis and come out the other end bigger and stronger. What's clear is that it would be unwise to expect any help from the government or any other organisation. We're going to have to do it ourselves.

So today's discussion of the players and trends in the structure of the dental industry is set against the most tumultuous situation the entire industry has ever faced. Let me outline some of the similarities and differences among the four major players.

First I'll talk about my company, 1300SMILES Ltd. For your purposes, we're probably the easiest to understand, as we've been listed on the Australian Stock Exchange since 2005 and our accounts are available in exhaustive detail to anyone who would like to have a look.

1300SMILES has always taken a conservative approach to financing its business, preferring careful and sustainable growth over sudden expansion. In the year ended 30 June 2012 our company delivered its fifth consecutive year of record profit and dividends paid to shareholders. Our share price has grown from an issue price of 80c to around \$5.40 recently; when you add in the dividends over many years our early investors have seen the value of their holdings grow by about a factor of at least eight. If you compare that to the performance of your super fund account since 2005 you'll understand why our investors are generally pretty happy with us.

We finished the year with no net debt and a large cash reserve. As the dental industry enters a

period which can only be described as a crisis, we believe that our big cash holdings and our positive cash flow will allow us to take advantage of the extraordinary opportunities which are sure to arise from the disruption of the industry generally.

1300SMILES has recently started a payment-solutions operation which will remove the financial barrier to necessary dental treatment. We're extremely proud of this program, and we believe that it's part of the solution to the problems the government has failed to address. I'll come back to this topic a bit later on.

The other three major corporate players in the dental industry are the Pacific Smiles Group, Dental Corp, and Dental Partners.

Of the three, Pacific Smiles would seem to be the most similar to 1300SMILES. There are two key differences. The first is that Pacific Smiles once strayed into a non-dental business which was a drag on the entire company for some years. The second is that Pacific Smiles must have far more patient shareholders than ours, as it has in the past few years actually had more revenue than 1300SMILES but significantly less profit.

Pacific Smiles is not a listed company, but its structure as an unlisted public company means its accounts are still available. I know that the management of Pacific Smiles is extremely capable and focused on the issue of profitability. I hope for that company's sake that a possible revenue decline of plus or minus 20% doesn't put them in the red.

When it comes to Dental Corp and Dental Partners we're talking about companies which are the polar opposites of 1300SMILES.

Dental Corp has done a magnificent job of acquiring big-name practices in the big cities. I've come up against them several times, and in every case Dental Corp ended up acquiring the practice in question because they were simply willing to pay far more for it than we were.

The basic structure of a Dental Corp acquisition is that the company pays a dentist a lump sum more or less equal to that dentist's projected profit over the next five years. You can see why that would be irresistible, as the dentist gets the next five year's profit right now.

From Dental Corp's point of view, the company spends some capital and gets a revenue stream in return. That's OK, except that each dentist's contract runs for a fixed term of five years, at the end of which that dentist has every right to simply pack up and leave. This means that Dental Corp pays a lump of capital up front and gets back pretty much that same amount as taxable income over five years, with no assurance that there will be any continuing return after the five years has elapsed. On top of that, the company carries a significant debt load, as much of the money used to buy those practices appears to have been borrowed. The latest accounts from Dental Corp seem to say that the company is carrying around \$160 million in debt.

Most recently, a controlling stake in Dental Corp has been acquired by the Indian investment group called Fortis. Fortis, which is listed on the Singapore Stock Exchange, has declared its intention to become a major health care operator across Asia.

I mentioned that Dental Corp's dentists sign up for five years. At the end of that time they're simply free to go. Dental Corp will obviously be keen to retain them. One approach would be to reduce their agreed profit hurdles and increase the portion of revenue retained by the dentist. But if you give away 10% here and 10% there, and CDDS comes along and takes away another 20%,

or even just 5% or 10%, it's hard to see how there's any profit left on a per-practice level. I'm sure ADIA will invite Dental Corp to send someone along to explain to a meeting like this one how all that will work out. I'll have a seat in the front row for that!

The fourth main player in dental consolidation is Dental Partners. Control of Dental Partners has passed to a New-Zealand listed company called the Abano Healthcare Group. Abano is a sort of conglomerate mainly focused on different aspects of health care. A while back it acquired, built up, and then sold a company which operates retirement villages.

Abano had many years experience of operating dental practices in New Zealand before it acquired Dental Partners. Its New Zealand dental business never delivered more than a tiny profit, but I'm sure they don't intend to operate the dental division without a plan to deliver proper returns.

So both Dental Corp and Dental Partners are controlled by sizeable offshore companies. I'll have to leave you to make of that what you will and speculate for yourselves how much support the offshore parents will lend in the difficult times ahead.

But let's get back to the bus.

As much as today's topic suggested that 1300SMILES and the others are *driving* change in the industry, we're actually *adapting* to that change and *accommodating* the changes which dentists and patients were already seeking.

Over the years we've spent a lot of time figuring out what dentists want from their profession, their work environment, and their lives. Years ago, the old model of dentistry was already getting pretty tired--the model under which you qualify as a dentist and then either buy an existing practice or set one up, work every day for forty years doing the same thing in the same place, and then retire, hoping to sell your practice to a younger dentist setting out on the same path.

We came to believe that the final stage in the old model had clearly broken down: young dentists are far less likely to want to buy an existing practice and effectively commit to working just one way in just one place for an entire career.

Around the same time we realised that there's nothing about being a good dentist which makes you likely to be good at or interested in running a small business. It never made much sense to have a qualified dentist wasting hour after hour trying to get the printer to work, or on the phone begging the temp agency to send a replacement receptionist over right away. I'm not saying that no dentists are good at running small businesses, as some of them clearly are, but it's clear that the old model doesn't work well for a lot of dentists.

So what do dentists, especially the younger ones, demand from their careers? From what we see, they're committed to increasing their skills and keen to work with more senior dentists and keep their training up to date. They need a setting which accommodates ongoing learning.

Dentists have also come to see their special, hard-won professional skill as an asset which they expect to help them achieve a life style which suits them. For some that means a professional setting which allows them to make a great deal of money. For others it means flexibility to travel, or to work flexible hours to fit around family commitments and other interests.

The key means of satisfying both kinds of dentists is to get everything else out of the way and just let them do dentistry. 1300SMILES has refined this aspect of its business for more than fifteen years now. A friend of mine always likes to joke that our company is an overnight success which

has only taken fifteen years so far.

To the very best of our ability, 1300SMILES seeks to ensure that every dentist comes to the surgery to find a full schedule of appointments, a complete team of highly qualified support staff, a beautifully-presented reception with a cheerful and professional greeting for all patients, and, of course, the highest quality facilities and equipment.

Dentists who work within the 1300SMILES system are free to choose one of two tracks: they can either be self employed, which is the choice of the majority, or they can be company employees. Self-employed dentists simply pay 1300SMILES a portion of their revenue for providing all of the facilities and staff necessary to operate their businesses. In some circumstances it suits some dentists to be employees instead. From the point of view of the company it works either way. As long as a dentist delivers care of a superior standard and satisfies patients, we're happy to have that dentist in our system.

So that's what the dentists wanted: effective marketing, administration, and support, as well as the freedom to re-organise their lives as and when they see fit, as they have no need to take on the burden of a million-dollar fitout personally.

I'll go back for a moment to the distinction between *self-employed* dentists who operate within the 1300SMILES system and those dentists who are *employees* of 1300SMILES.

Our self-employed dentists operate their own businesses in a way that is similar to the situation they would face on the outside. They collect payment for services rendered to their patients, and from that they pay all the expenses of running a dental practice. The big expenses are staff costs, rent and other facilities expenses, and dozens of smaller things. Dentists operating within the 1300SMILES system have simply chosen to sub-contract the management of all those things to 1300SMILES.

Outside 1300SMILES, these dentists would face the hassle of paying all of those expenses and dealing with staff individually. Within 1300SMILES, all of the staffing, procurement, equipment, facilities, and marketing issues are managed by professional staff. The dentist pays for these services by paying a portion of total revenue to 1300SMILES. In that sense, the dentist is in the same position as a dentist running a small business. If the dentist does more work or higher value work, more net income is left over after all expenses are met.

We believe that dentists operating within 1300SMILES have scope to make more money in the same amount of time, however, because they don't spend time on all of the administrative hassles of running a small business. Plus the professionally-managed 1300SMILES marketing effort helps to keep the appointment books full, of course.

And, on top of that, our dentists benefit from our buying power. As many of you in the room would know, 1300SMILES either is or is close to being your largest single customer for many products and services. You get big sales and certainty of payment; we expect pretty sharp pricing.

Incidentally, if 1300SMILES is not among your largest customers then perhaps a friendly review of your sales department might be in order.

Our offering to dentists is broad enough to appeal to dentists at all stages of their careers. More senior dentists for the most part just want to do dentistry without hassles. They are happy to carry on doing dentistry both for the income and the personal satisfaction of doing high-quality work, but in many cases they're past the point at which they want to have anything to do with staffing issues

and the other small business admin work.

Younger dentists, in our observation, are reluctant to commit. Not just in respect of their profession, but in all aspects of their lives. It comes as no surprise that taking on a six or seven figure debt to buy a practice in the suburbs somewhere with the plan of working there full time, for decades, doesn't have much appeal.

1300SMILES is structured to meet the requirements of younger dentists and to accommodate these dentists within a robust management structure. The younger dentists want to know that they can organise a work schedule of just four days a week, or one with a break of a few weeks every quarter, or even six months on, six months off. Smaller organisations simply cannot accommodate this sort of work schedule, as the presence or absence of one dentist makes too big a difference to the roster.

Don't get me wrong, we ask our dentists to commit to an agreed schedule in advance and over an extended period, but we can be surprisingly flexible.

My hunch is that the greatest appeal to younger dentists lies in the *possibility* of such extreme flexibility. The fact that they *can* organise a lengthy surfing safari or a spell in a rock band seems to provide most of the comfort. Whether they actually make use of this sort of opportunity is another matter.

Significantly, of course, an increasing proportion of young dentists are women. Many of these women seek a career path which allows the flexibility required to raise a family. This flexibility is an explicit advantage we offer to dentists. The alternative for many young female dentists is to seek employment in one of the government dental agencies, with all of the disadvantages that entails.

There's also occasional talk that our family-friendly career path for dentists might be attractive to male dentists also. So far, in our experience, it's just talk, with the reality being that most male dentists prefer to work full time. But we're in a position to look after the personal and professional needs of all of our dentists, both male and female, and we seek to deliver a sustainable and healthy career path for all of them. Our ability to take this flexible approach derives directly from the scale of our operation.

But what about the patients? Our business needs them just as much as it needs dentists. Our offer to patients can be summed up as the three As: affordability, accessibility, and availability.

Those might all sound obvious, but it takes some finesse and a whole lot of focus to get them right.

Affordability is pretty obvious. A startlingly large proportion (about 70%) of the Australian population simply never goes to the dentist until they find themselves in great pain. Our research suggests that many of these non-users fear that they might find themselves up for some big expense as soon as they step in the door, so we go to great trouble to make that first visit less intimidating and to ensure that all of our dentists provide carefully explained, written, and costed outlines of any suggested work.

Even for those people who wish to have more regular dental care, affordability remains an issue. I'll tell you about our major new initiative in this area toward the end of this address.

Accessibility is all about providing service at a convenient time and a convenient place for as many

patients as possible. In southeast Queensland we have numerous multi-dentist practices; if we can't fit you in at the very closest practice, chances are the next one isn't too much farther away. We believe that the majority of the population of Queensland lives within fifteen to forty minutes of a 1300SMILES Ltd facility.

Availability simply comes with scale. When you have a larger number of dentists within a facility or within a town, you simply have more scope to reserve a number of time slots for emergencies without inadvertently leaving any of your dentists idle. Most of our surgeries can always accommodate an emergency on the same day; in the few cases where they cannot they can usually refer them to another 1300SMILES facility nearby. In addition to all that, at least one of our facilities in most towns can provide out of hours emergency care.

So I think we do a pretty good job of meeting the needs of our dentists and our patients. I imagine you would all like to figure out what this means for the various suppliers of goods and services to the dental industry.

Within 1300SMILES, as most of you know, we aggregate and anticipate the consumables requirements across our entire group of associated dentists. This means that our orders to you are prepared by procurement professionals who understand your company, your products, and your procedures. It means that you get big, regular orders, and it means that you can be quite certain you'll get paid.

As I mentioned earlier, the audited financial accounts of 1300SMILES are on the public record and you can get them from our web site any time you want. The accounts of the other major corporates are almost as easily accessible, so you can easily form a view of each company's profitability and cash flow when you're figuring out how much credit to extend.

In return for the size of our orders, of course, we do expect you to be enthusiastic in applying your discounts. But I have to think there's more profit and less hassle in the big orders you get from us than in dozens or hundreds of little orders from small dental practices, even if you do charge those little customers your top price.

This is something you might want to keep an eye on in the context of the CDDS crunch. The purchasing function in some small practices might be managed by a part-timer or even by a temp in some cases. I can imagine circumstances in which a mistaken over-size order combined with a bit of tension over revenue in the post-CDDS era could lead to a bit of hassle for your accounts people.

So let me return to the big picture.

Australia, for all its wealth and privilege, has a dismal record of delivering dental care to its population. As I mentioned before, 70% of Australians simply never go to a dentist until they have an emergency. Many people end up in emergency rooms at their local hospitals for treatment of problems which could have been fixed by routine dental care delivered a few months or years previously. For most of those people the perceived cost of dentistry is one of the main barriers to better care.

Regardless of where you stand on this issue as a matter of politics, one thing is completely clear: neither the commonwealth government nor any of the state governments will make any positive contribution to this situation for the foreseeable future. I hardly have to tell this audience about the dreadful performance of the various state-run dental schemes. Here in Queensland the waiting time to see a government clinic dentist is measured in years, not months.

Even when the state has the budget to employ dentists, the salaries on offer are so far below the market that there are extremely few takers. If you have a dental emergency and you rely on government-funded care, you'll most likely have to live with an unnecessary disability for months or years, suffer the loss of more teeth than should ever be necessary, and you may well suffer serious illness originating from your dental disease. The original issue, in most cases, could have been fixed easily, quickly, painlessly, and at far lower cost to the taxpayer if dental care were more widely available.

As we can be confident that no level of government is likely to have any positive impact on the state of dental health in Australia, we have to look around to see if anyone else will do it. Some insurance companies have had a stab at it, offering dental services through company-owned facilities.

But hiring, organising, and managing dentists is rather more complicated than running a panel of smash repair shops, and insurance company dental clinics have not been successful. Pacific Smiles has been engaged by one insurance company to operate its clinic; I can foresee a future in which more such clinics are managed under contract by the organisations which specialise in dentistry.

I don't know about you, but as players in this industry I think we should all take some responsibility for improving the state of dental care in Australia. For my part I believe that 1300SMILES can and should play a role in improving this situation.

So I'll tell you what we're going to do about it: we're going to make dentistry far more affordable. We're going to eliminate the main barriers to regular dental care. We're going to make ongoing basic dental care available at a fixed price to everyone who wants to participate.

Just last month we announced that 1300SMILES was rolling out its new interest-free payment solution program in all twenty four of its dental practices. This membership-based program provides all routine dental care, including two annual checkups, for a fixed annual fee, payable in small fortnightly or other increments designed to suit each member's financial situation.

We believe that this will greatly increase patient participation in the recommended bi-annual examinations. For many patients this will be enough to head off developing problems altogether, freeing member patients from the discomfort and sometimes serious expense arising from aggravated dental problems.

Even with the best of ongoing care, some patients will of course require more intensive treatment, whether as a result of injury, existing problems, or ageing. Our members will be able to get the care they require, at the appropriate time and before one problem leads to a cascade of other dental and health problems. When a member requires a higher level of treatment this care will be provided both at a 10% discount to the off-the-street price and on interest-free payment terms enabling payment to be stretched over six to twelve months.

So far I have been astonished by the rate at which both established patients and new patients have been signing up as members. We always knew that there was demand for more routine dental care, but that fear of the cost was holding people back.

I can't tell you just how excited I am about this program. It suits the needs of our dentists, who want to see full appointment schedules despite the demise of the CDDS, and it suits the needs of many current patients and of many more people who are not yet patients of *any* dentist. We're

already seeing the impact of this program on our forward appointment bookings. Given the explosive growth of our membership program it's fair to say that we ain't seen nothing yet.

We deliver our new member-based payment solutions package in coordination with Dental Members Australia, a Brisbane-based company in which 1300SMILES has taken a significant ownership stake. The management of DMA is top-notch, and the fit with 1300SMILES is just about perfect.

I can already hear the huffing and puffing from some of the old-style dentists. I can still remember back when I was building my first practices in north Queensland--the older dentists pretty well shunned me because they disapproved of some of the truly shocking things I did, things such as offering dental services in the evening or on Saturday. They didn't like it when I started organising dentists into larger, more efficient operating units, and I imagine they won't like it when our patients all have the choice of paying for their treatment on interest-free extended terms.

Think for a moment about the social impact of fixed-price preventative dental care. In the short run, many people will have far healthier teeth and gums, and they'll be spared the discomfort and expense of serious dental problems over the coming years. It won't take long before this approach to dentistry will start to show up as decreased demand for emergency room treatment of painful problems which started out a few months or years earlier as routine dental maintenance issues.

I expect that this approach will also bring benefits to most people in this room, as it will, over time, shift expenditure from hospital emergency room supplies to the consumables used in preventive dentistry.

We're aiming for a big change here, and there's no better time for big change than the middle of a crisis. This change doesn't have to be limited to just those practices operated by 1300SMILES Ltd. We're working on various projects to leverage our management expertise, along with that of Dental Members Australia, to make this sort of program available throughout Australia through dentists and dental groups beyond 1300SMILES Ltd.

And there's another factor. Right in the middle of the crisis arising from the cancellation of the CDDS we're going to see a significant expansion in the supply of new dentists, as graduates from the three new dental schools at James Cook, Charles Sturt, and La Trobe Universities join the profession.

There will be more dentists available at the same time as fewer people will be able to get access to dental care, at least under the old model. I believe that our interest-free payment solution program will help create opportunities for some of the additional graduates by expanding the total pool of dental services carried out in Australia.

I hope I've given you something to think about today. Let me summarise the key points.

First, the sudden end of CDDS will disrupt the industry to an extraordinary extent. Many dentists tell me that they saw this coming and weren't really depending on CDDS anyway. I'm reminded that when you ask people how good they are at driving, the vast majority will tell you that they're way above average. I think that many dentists overestimate the extent to which they're prepared for the end of the CDDS, and I imagine it will take a month or two in a post-CDDS world for many dentists to understand how much their world has changed.

Second, if you really want to change something, your best chance is during a crisis. The dental

industry is entering one just now. It's going to be uncomfortable, and every one of you is going to have to change the way you deal with the industry. It's better that you do this with your eyes open. The changes will create big opportunities as well as a lot of disruption; this is your chance to grab the opportunities.

Third, the opportunities created by this crisis will benefit those who have the financial strength. You might want to consider your customers one by one. As far as 1300SMILES is concerned, I'm extremely pleased that we're heading into all this with no debt and lots of cash. We expect to come out of this with a bigger business, both in absolute terms and in terms of our share of the total market. In addition, we expect to build an even sturdier business increasingly based on on-going membership revenue.

I certainly look forward to hearing your stories about how the new world of dentistry unfolds in your various corners of the industry. I thank you for your time this morning and I'll be pleased to answer any questions you may have.

ENDS