



Planet DDS Financial Guide

For CFOs and DSOs

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Financial leadership in a dental support organization (DSO) demands a strategic approach that balances operational performance with financial success.

The most effective chief financial officers (CFOs) maintain full visibility across locations, aligning financial systems with business goals while staying ahead of market shifts.

The ability to forecast, mitigate risk, and make data-driven decisions plays a central role in keeping a DSO financially resilient.

This guide explores the financial challenges for CFOs and key considerations shaping the future of DSOs, offering insights into the trends, strategies, and solutions that drive growth for dental organizations.

Financial Health and Growth

CFOs perform a massive role in aligning financial infrastructure with business objectives, ensuring that resources are allocated effectively to support growth. Several key areas contribute to a strong financial framework:

- **A data-driven approach:** Strategic decision-making relies on real-time financial insights that provide a clearer picture of cash flow trends and profitability. CFOs who integrate analytics into their financial strategy are better equipped to anticipate financial needs and adjust to market conditions.
- **Financial planning:** A well-structured financial system supports multi-location expansion by mitigating inefficiencies and maintaining profitability. With a clear financial plan, CFOs are able to maintain financial oversight for sustained success.
- **Leadership in operations:** A strong finance team and collaboration with other executives create alignment between financial strategies and operational goals. When financial leadership is integrated across departments, organizations can optimize resource allocation and maintain financial strength.

As private equity firms look to reenter the market aggressively after a slowdown, they are seeking DSOs with strong financial discipline and productivity.



For DSOs backed by private equity,
maintaining a structured financial plan is critical.
Investors expect a clear roadmap,
not just reactive decision-making.

STEPHEN FONG
CFO, Planet DDS



Key Financial Challenges for CFOs and DSOs

For DSOs operating at scale, financial complexities extend beyond standard accounting practices. CFOs must navigate cash flow management, optimize revenue cycle processes, and ensure financial stability across multiple locations.

“One of the biggest challenges for DSOs is ensuring visibility across all locations,” noted Fong. “Without a centralized financial system, rolling up reports from different systems becomes a major administrative burden.”

Other areas of main concern include:

- ✓ **Enhancing financial efficiency:** This includes using analytics to streamline the RCM process and time-to-payment. Advanced financial reporting tools allow CFOs to pinpoint revenue leaks, reduce claim denials, and maintain stronger payer relationships for faster reimbursement cycles.
- ✓ **Driving productivity:** This involves increasing treatment volume and revenue while maintaining processes to optimize workflows. Financial leaders ensure that financial resources are allocated to areas that enhance productivity without overextending operations.
- ✓ **Cash management:** This refers to maintaining liquidity to support both day-to-day operations and expansion. A well-structured cash flow strategy ensures that DSOs have the flexibility to invest in new locations, technology, and staffing while maintaining financial health.

“Another challenge is timing cash flow effectively—if a practice isn’t getting paid for months, it creates real financial stress, especially for organizations carrying debt,” Fong stated.

Rising operational costs are adding to this burden, with nearly seven in ten dental practices reporting an increase in overhead costs. Half of these practices have seen costs rise by 10% or more, driven by inflation and the need to offer competitive wages to attract and retain staff.

Additionally, the American Dental Association’s Health Policy Institute ([HPI](#)) identifies rising overhead costs as one of the top concerns for dentists heading into 2025, alongside staffing shortages and insurance challenges.

Nearly **7 in 10** dental practices report an increase in overhead costs, with half of practices seeing costs rise by **10%** or more.

Source: Dental Economics



DSO Financial Red Flags to Watch

Without real-time visibility into financial performance, DSOs risk issues that can erode profitability. Recognizing these early warning signs helps businesses address issues before they impact financial sustainability:



LIMITED FINANCIAL OVERSIGHT

A lack of standardized reporting and real-time data makes it difficult to track results. When decision-making is based on outdated or incomplete information, financial risks increase dramatically.



RISING ACCOUNTS RECEIVABLE (A/R) BALANCES

Slow collections that create cash flow indicate issues in billing. When outstanding payments accumulate, they disrupt financial planning and can strain resources needed for expansion. “DSOs must stay ahead of their accounts receivable—delayed payments can impact everything from staff salaries to vendor obligations,” said Fong.



DECLINING PATIENT VOLUME

A decrease in new or returning patients may point to operational gaps or market shifts. Financial leaders should assess patient retention goals and marketing investments to maintain steady outcomes.



HIGH NO-SHOW RATES

Centralized patient records provide a single source of truth for all patient information. Secure data storage ensures patient information is protected while being easily accessible to affiliated specialists across locations. This centralized approach allows DSOs to analyze data for actionable insights, enabling them to identify trends, improve patient care, and make informed decisions about dental group management.

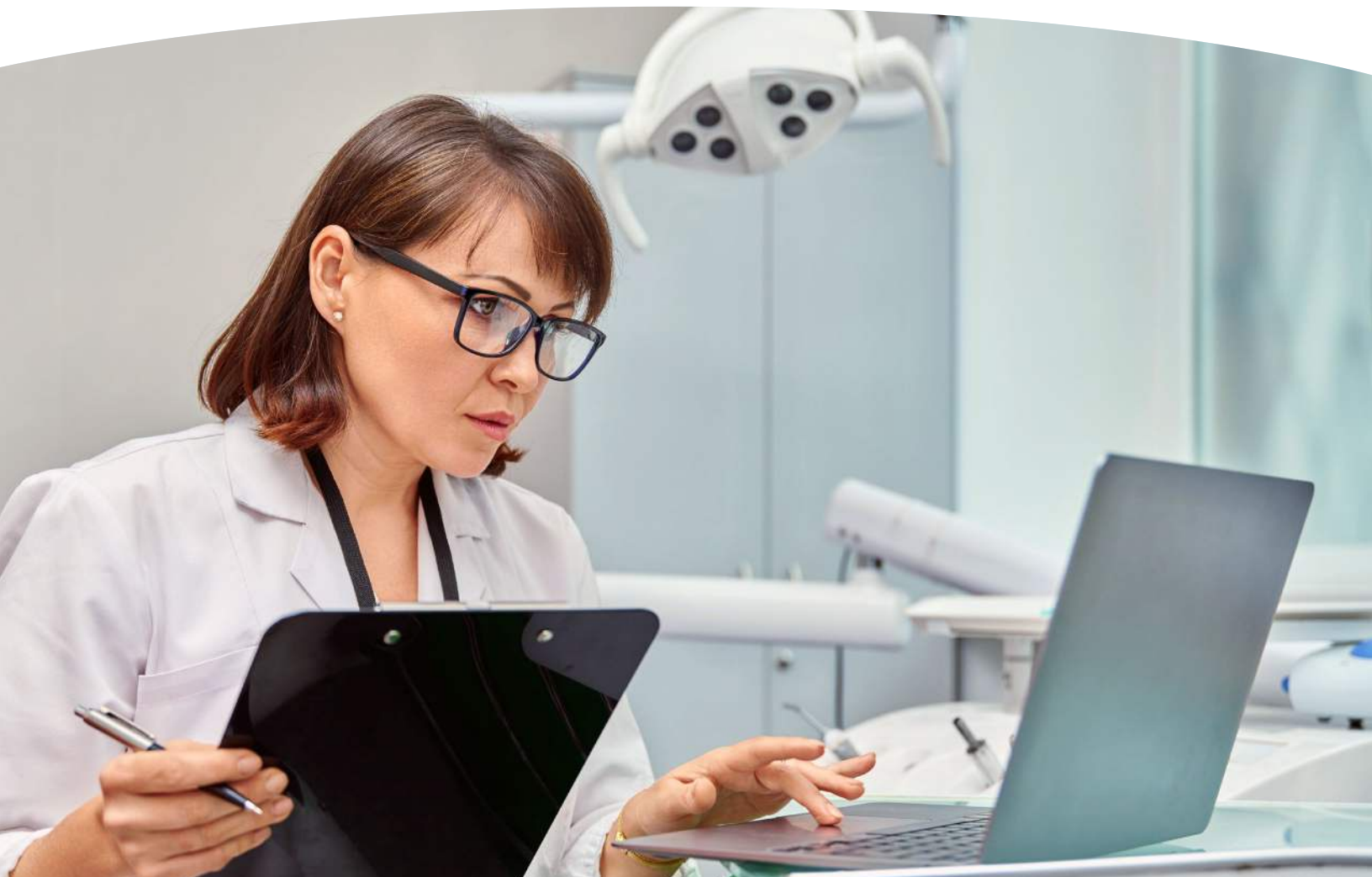
Red Flags continued:



SOFTWARE INTEROPERABILITY CONCERNS

Outdated or fragmented systems make financial oversight more challenging. “Many DSOs struggle with outdated financial systems that aren’t interoperable, making it difficult to consolidate reports and get a clear financial picture across locations,” Fong explained.

By investing in integrated cloud-based technology solutions, DSOs can improve accuracy, reduce administrative burdens, and enhance overall financial visibility.



Key Performance Indicators for CFOs

Key performance indicators (KPIs) provide a measurable way to track financial results. By monitoring these metrics, CFOs can identify strengths, address weaknesses, and make informed decisions in these areas:

- ✓ **Revenue and growth**
Metrics such as same-store sales, production trends, and provider productivity serve as indicators of revenue sustainability.
- ✓ **Operational efficiency**
Cost per procedure, labor utilization, and administrative expenses help assess resource allocation and identify inefficiencies. “Operational agility is key. Getting more patient visits, streamlining supply costs, and ensuring financial sustainability are top priorities for any growing DSO,” Fong added.
- ✓ **Cash flow and liquidity**
Days cash on hand, payer reimbursement timelines, and working capital provide a snapshot of financial health.
- ✓ **Patient financials**
Patient retention, payment completion rates, and revenue per patient highlight trends in long-term financial sustainability.
- ✓ **Profitability**
EBITDA (earnings before interest, taxes, depreciation, and amortization), margin trends, and contribution per location offer a data-driven view of business impact and resource allocation.



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Best Practices for Managing Financial Risks

Effective risk management is essential for financial stability in the dental industry. Implementing proactive strategies can safeguard financial assets and support continued growth.

Best practices for managing financial risks include:

- ✓ **Ensuring clean data:** Accurate and consistent financial data serves as the foundation for sound decision-making and risk mitigation. Regular audits and standardized reporting processes help maintain data integrity and reduce financial discrepancies.
- ✓ **Strong treasury management:** Maintaining adequate liquidity and optimizing capital allocation are key to reducing financial vulnerabilities. A solid treasury strategy ensures that DSOs can meet short-term obligations while positioning for long-term growth.
- ✓ **Monitoring cash flow:** Having a cash-flow strategy provides financial flexibility and ensures the ability to manage unexpected expenses. Regular forecasting and scenario planning help CFOs anticipate cash flow needs and prevent disruptions.



Revenue Cycle Management

Efficient revenue cycle management (RCM) processes are essential for sustaining strong revenue flow and ensuring financial resilience. Several key factors contribute to effective revenue management:

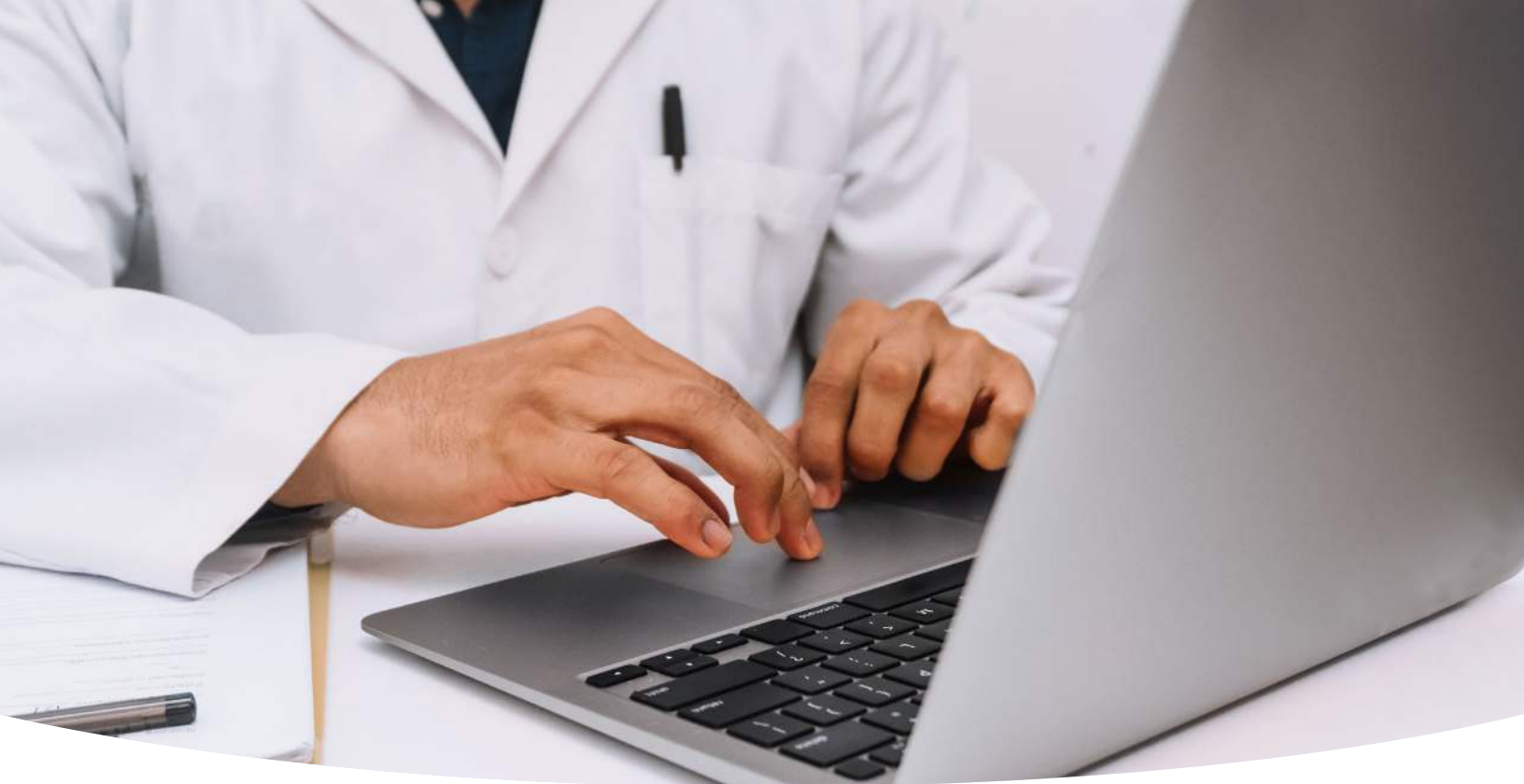
- **Payer reimbursement strategies:** Adapting to payer models helps minimize revenue disruptions and maintain consistent cash flow. Strong payer relationships, combined with well-negotiated terms, support timely reimbursements and reduce financial bottlenecks. “A well-structured RCM process is crucial—delayed insurance reimbursements can create major cash flow gaps for DSOs,” Fong noted.
- **Proactive cash flow management:** Structured billing and collection processes improve revenue predictability by reducing claim denials and ensuring timely patient payments. A focus on revenue integrity strengthens oversight and supports operational efficiency.
- **Technology-driven efficiencies:** Automating billing, claims processing, and payment tracking reduce administrative burdens and increase accuracy. Integrated financial tools help streamline workflows, lower operational costs, and boost overall RCM performance.



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Compliance and Risk Mitigation

Regulatory compliance is a significant part in financial planning, influencing both operational integrity and overall business viability. Integrating compliance into broader financial strategies helps DSOs manage risk while maintaining credibility with stakeholders. Areas of focus include:

- **Regulatory risk management:** Aligning financial operations with HIPAA, PCI, and other industry regulations reduces compliance-related risks. A structured approach to regulatory adherence helps minimize potential liabilities.
- **Audit-ready financial systems:** Strengthened financial reporting improves transparency and reduces regulatory risks. Well-documented financial records streamline audits and reinforce trust among investors and partners.
- **Investor confidence:** Financial discipline and regulatory compliance demonstrate reliability to investors and strategic partners. Transparent reporting and adherence to best practices enhance credibility, making it easier to secure funding and drive expansion.

Scalability for DSOs

Expanding a DSO involves requires financial systems and processes that can support continued expansion.

Key factors that contribute to scalability include:

- ✓ **Centralized financial systems:** Consolidating financial data improves decision-making across multiple locations. A unified financial system provides real-time insights, supporting more accurate forecasting and budgeting.
- ✓ **Optimized resource allocation:** Strategic capital allocation maximizes return on investment. Thoughtful investment in equipment, staffing, and technology ensures that financial resources directly contribute to successful expansion.
- ✓ **Technology-driven efficiencies:** Automation and analytics help maintain financial oversight as organizations grow. AI-powered analytics and automation tools help build financial processes and reduce administrative burdens.



Market Trends and Future Outlook



The financial strategies of CFOs and DSOs must evolve alongside broader industry trends. Several factors are shaping the future of financial planning:

The rise of open APIs

Integration with RCM and analytics platforms is giving DSOs better financial oversight. Open API capabilities connect multiple financial systems, making it easier to track revenue and control costs.

Private equity influence

With investors prioritizing profitability, financial discipline is under greater scrutiny. Aligning financial plans with investor expectations while maintaining operational sustainability has become a balancing act for finance teams. DSOs with strong financial positions and doctor-friendly structures have become particularly attractive to investors.

Economic volatility

Market shifts and rising costs make financial resilience a top priority. Keeping strong cash reserves and negotiating flexible vendor agreements can help DSOs manage uncertainty and maintain momentum.

As DSOs look to the future, strategies such as AI-powered revenue cycle management and value-based marketing are expected to have an increasingly vital role in optimizing revenue and controlling costs.

Planet DDS: Solutions for Innovation and Growth

Financial success depends on technology that enhances visibility, controls costs, and supports growth. Planet DDS provides cloud-based solutions that help DSOs manage finances more effectively, offering:

- ✓ **Real-time financial oversight:** These solutions offer complete financial visibility across locations. CFOs can monitor revenue trends, control expenses, and make informed decisions using up-to-date financial data.
- ✓ **Profitability improvements:** Using Planet DDS dental practice management financial tools helps DSOs reduce costs while maximizing revenue potential. Automated revenue tracking and reporting help streamline financial workflows and enhance profitability.
- ✓ **Customizable financial solutions:** Open API integrations allow DSOs to tailor financial management to their needs. Flexible integration capabilities ensure that DSOs can adapt financial tools to their specific operational requirements.



Building DSO Financial Strategies for Success

Financial success for DSOs comes down to adaptability and strategic planning. Reducing payment delays, improving financial oversight, and making data-driven decisions are key to maintaining profitability and preparing for growth.

By focusing on smarter resource allocations and leveraging technology for operations, DSOs can build a stronger financial base and respond to industry challenges with confidence.



Planet DDS provides the technology to strengthen financial management.

Contact us today to learn how our scalable cloud-based practice management solutions can help your DSO maximize profitability.

BOOK A DEMO





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Dental software is broken. We aim to fix it. As a partner in growth for DSOs and dental groups, Planet DDS delivers a cloud-based platform designed to scale alongside growing organizations. Powered by DentalOS™, its open platform includes Denticon Practice Management, Cloud 9 Ortho Practice Management, and Apteryx Cloud Imaging. Trusted by leading DSOs and emerging dental groups nationwide, Planet DDS enables 13,000+ practices and 118,000 users to move beyond outdated legacy software with seamless integrations, optimized workflows, and scalable technology built for growth.