

# Dental implant leader back in business



Gerald Niznick, DMD

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Dr. Niznick started his career by introducing the Core-Vent implant system in 1982. In 1986, he developed the self-tapping Screw-Vent implant, which featured an internal hex-thread connection and is considered the cornerstone of modern dental implant designs. In 1997, Core-Vent changed its name to Paragon Implant Company. Dr. Niznick then designed the Tapered Screw-Vent for two-stage surgery and the Tapered Advent for one-stage surgery. Dr. Niznick ultimately developed seven application-specific implants, all with the same body design and dimensions.

In an exclusive Dental Tribune interview, Dr. Niznick outlines his goals for Implant Direct ([www.implantdirect.com](http://www.implantdirect.com)) and plans to capitalize on the rapid growth of dental implants, a market that is increasing a 17 percent annual rate in terms of units sold and an even faster 25 percent clip in terms of dollar value.

## Delivery details

"I went back into business because I knew I could make a better product for less money than any of the major competitors, and believed that by selling through the internet, I could undercut the competition by 60 to 70 percent and still make a very nice profit," Dr. Niznick explains. "The timing for an internet-based business was just right when Zimmer Dental, the company that acquired my company and rented my factory in Calabasas, decided to move their manufacturing operations near its corporate offices in Carlsbad in October 2004.

"I was given the opportunity to take back a building specifically designed for manufacturing dental implants, and I had my pick of 89 former employees, out of 125, who were not willing to relocate. I had two years remaining on my non-compete agreement, but I knew it would take me that long to create a new implant system, and in fact, it took me almost three years."

He adds that three years after he sold his business for \$102 million, he was back in the same factory with 50 of his former employees and all new equipment. "I filed eight new patents, incorporating the best ideas from my old products with the best ideas of the competitors, and designed the products with cross-compatibility to the most popular implant systems," he says. "Zimmer Dental was not happy at the prospect of competing with the inventor of its system, which had doubled in sales to about \$120 million, so they filed an arbitration complaining that I was violating my five-year non-compete. My attorney argued that I gave

up my right to compete but not my right to prepare to compete. The arbitrator agreed, based on California law which limits non-compete clauses by defining competition as having to substantially impact sales in the same market. Since I was not selling, I was not competing."

## Dr. Niznick sees image guided implant placement as the hottest new technology with the largest potential impact on implant dentistry.

### Internet based

Implant Direct plans to undersell its competition by focusing on sales to experienced clinicians, selling only through the Internet, and accepting payment only by credit card. Dr. Niznick says that because of the way the business is structured, he can cut prices by 60 percent and "still make a significant profit."

Implant Direct also has a sophisticated website that provides video graphics to show technical procedures and three different ways to order products, including by charting an individual case. "Many dentists buy from several companies because they can't find what they need to satisfy all their patients and all their referring dentists' needs," he says.

Implant Direct's product line is an integrated system of application-specific implants—five implants that have the same body and can be inserted with the same drills, but

which have different tops for different clinical applications. The five implants are packaged with specific additional components—abutments, transfers and healing collars—allowing a case to be completed without ordering additional items. The implants feature double lead threads on their bodies for faster insertion and quadruple lead mini-threads near the crest of the bone to reduce stress. "This patent is pending," Dr. Niznick says. "Another patent pending is for several one-piece implants including one with a 12 degree angled head and a contoured margin. Another is for a one-piece implant with a screw-receiving head and snap-on comfort cap. We have received the patent for the double tri-lobe internal connection that will accept Nobel Biocare's abutments."

Dr. Niznick sees image guided implant placement as the hottest new technology with the largest potential impact on implant dentistry. "I am the president and majority shareholder in a company called Tactile Technologies that for the last three years has been developing a simple and economical way to harness this technology," he says. "Positioning the implants in the desired location on a CT scan, and then being able to create guides that facilitate placement in the exact (within 0.1mm) location as you planned, sometimes even without laying a flap, is going to be the driving force behind an ever expanding dental implant market. More accurate and predictable implant placement, even by dentists with very limited clinical experience in this area, will facilitate the placement of more one-piece implants, further simplifying implant restorative procedures." DT

## Practice Management

# Financing the design or redesign of a dental office

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Another source of financing is personal assets such as your house that can be used to create a long term low interest rate loan. That type of financing is probably the most inexpensive of all. Many dentists do not want to co-mingle their personal assets with those of their dental practice. They are missing an inexpensive method of financing. Does the dentist realize that when funds are borrowed, lenders require a personal guarantee in almost all cases? This means that the personal assets of the dentist are at risk even though they may not be pledged directly. A residential loan is usually the cheapest form of financing available. It is much cheaper than a loan on a commercial property such as a direct loan using a dental office building as collateral. The reason is

that most lenders charge fees for securing a loan on a commercial property. There are normally expensive charges for appraisals, legal fees and other charges that are not typical in a residential transaction. Since the older dentist has a house and owns the office building, either asset can be used as collateral. Once the dentist realizes that a personal guarantee is part of the transaction and personal assets are at risk, the real cost of borrowing for the renovation can be addressed.

A good financial advisor will help the existing dentist determine the cheapest cost of borrowing including the use of present value and future discounted cash flow methods and projections. There may be emotional reasons why the dentist wants to pay in a more expensive manner. Borrowing with a personal residence

as collateral for a loan for the dental office may be off limits because of the dentist's marital status or other reasons.

The important point for the dentist is to know that there are financing alternatives not available to a new dentist. Each method has a price. The specialty lender with the higher rate, longer term and lower present value cost of funds is one method. A direct loan against the building that is owned by the dentist is another alternative. A third approach is to use personal assets in order to get the longest term with the lowest monthly payment and the cheapest interest rate.

The personal financial advisor to the dentist will be most helpful and the dentist should use the advice of a professional to hear the alternatives.

Since in this case, the dentist is the owner of the building, the advisor may suggest forming a real estate company and creating a lease with the dental practice for liability protection. The tax considerations of that step will be surprising to you. You can ask your tax advisor what tax considerations are available with a real estate company and its income compared to income from a dental practice. Use creativity to receive extra dollars.

Reinvigorate that office. Live up to the image as the best dentist in the community that took years to skillfully build. Your patients will start talking about your new office and you may have some of the newer dentist's patients come to your "expensive looking" but easy to pay for office. You may have a second chance to create that first impression. DT