

FOR THE EXCLUSIVE USE OF ALISON.SANDMAN@CDA.ORG

From the Sacramento Business Journal:

<https://www.bizjournals.com/sacramento/news/2018/04/20/why-the-california-dental-association-launched-its.html>

TAKING THE LEAD

Why the California Dental Association launched its own e-commerce platform

🔑 **SUBSCRIBER CONTENT:**

Apr 20, 2018, 5:42am PDT

The California Dental Association believes it has an opportunity to be more than the typical professional association —which is why it decided to take on the \$10 billion dental device industry.

Last year, the California Dental Association launched a subsidiary called The Dentists Service Co. The e-commerce platform allows its members to purchase dental supplies directly from distributors, leveraging the association's scale of membership to secure lower prices.

In the last year, the platform has processed \$2.5 million in dental supply orders, resulting in an estimated \$700,000 in savings for members, according to the association. Both the trade group and its e-commerce subsidiary are based in Sacramento.

Bob Spinelli, chief operating officer of The Dentists Service Co. and the former chief financial officer of the California Dental Association, said the e-commerce platform is uncharted territory for professional groups like the California Dental Association.



DENNIS MCCOY | SACRAMENTO BUSINESS JOURNAL
Bob Spinelli is chief operating officer of The Dentists Service Co., the California Dental Association's e-commerce platform.

“There are other (associations) who work with or endorse purchasing groups,” he said. “With the advent of (The Dentists Service Co.), this is our own group that provides supplies to dentists. We’re the only association in the dental field where we have control of the company.”

Several years ago, the association’s members turned to CDA to help find cost savings in their practices. When the association looked at their members’ books, they identified dental supply costs as a target for savings.

In recent years, according to Spinelli, dental supply companies have started offering discounts to larger dental practices. About 80 percent of CDA’s members, however, work at small group or solo practices, making them ineligible for these discounts.

CDA saw an opportunity to pool its members’ purchasing power to bring down distributors’ supply costs. But the association wanted to do more than gain negotiation leverage with distributors. CDA also wanted to create a more seamless experience for dentists to track supply orders and inventory.

CDA set out to develop a web platform that would allow its members to order dental supplies online and incentivize distributors to offer products at competitive prices. That meant creating a smooth user experience for dentists and office administrators, and guaranteeing distributors a lucrative customer base.

Using e-commerce platforms like Amazon for inspiration, The Dentists Service Co. offered features through its site, like free two-day shipping on all products. The online platform also allowed members to keep track of orders in one central place and set up automatic orders for commonly used supplies.

The Dentists Service Co, received mixed reactions from dental supply companies—especially the biggest ones.

“We are challenging their business model,” Spinelli said.

Some of the largest dental supply companies in the country — including [Henry Schein Inc.](#) and [Patterson Dental Supply Inc.](#)— declined to participate in the platform.

Representatives of Henry Schein and Patterson Dental did not respond to requests for comment.

But a number of small and medium-size distributors expressed interest in participating in the e-commerce platform. Before committing to any suppliers, CDA vetted each one by touring distribution facilities and listening to presentations. The association ultimately selected 10 distributors.

“The reason we did this is we had to give the distributors utilizing the platform enough business,” Spinelli said. “It had to be worth their while as much as ours.”

The Dentists Service Co. started with a soft launch of a few dozen members in February 2017. Since making the platform available to the CDA's entire membership, over 1,200 dentists now use the site.

Dr. James Stephens is one of those dentists. He and his wife operate a small practice in Palo Alto.

“We order about 80 percent of our supplies on the platform,” he said.

Stephens said that using the platform took some time to get used to. The practice was used to ordering supplies the old fashioned way — contacting distributors over the phone or working with traveling sales reps. But then the office administrators started to develop a rhythm of ordering supplies on a weekly basis, which saved time and money.

“I’d estimate in the first 12 months I saved \$14,000 dollars,” Stephens said.

Stephens characterizes the platform as an overall success so far. But he sees some room for improvement. The search function, for example, does not always return the products he's looking for.

“The problem with dentistry is that there’s really specific terminologies for different things, but (companies) tend to use various terminologies for equipment,” he said. “Sometimes, if I just enter a name, it won’t show up.”

Another downside — which can’t be fixed by simply adjusting the algorithm — is that dentists can’t see or touch products before ordering them. One of the benefits

of working with a sales representative, Stephens said, is the ability to handle equipment before committing to a purchase.

Some dentists who use the platform, however, maintain relationships with sales representatives for this reason, especially when it comes to purchasing new or expensive equipment. Stephens said that the California Dental Association also puts on two trade shows every year, which offer members an opportunity to size up equipment in person.

"There are certain things that people want to order online, and certain things they want to see in person first," he said.

So far, Spinelli has been encouraged by the level of participation in the e-commerce site.

The California Dental Association is even looking to expand the platform to other states.

"We have met with other state dental associations in the northwest and received positive responses," Spinelli said. "We expect to expand outside California later this year. The timing is not yet determined as we have some system developments necessary to accommodate other states."

California Dental Association

Year founded: 1870

CEO: [Peter A. DuBois](#)

Membership total: 27,000 members

Mission statement: CDA is committed to the success of our members in service to their patients and the public.

Scott Rodd

Staff Writer

Sacramento Business Journal

