

What's Driving Private Equity & Practice Transitions?

Vision Care Demographics and Patient Needs Continue to Attract Investors



Image Credit: Getty Images / smartboyro

BY ANNE COOPER / EDITORIAL DIRECTOR

As 2024 gets underway, investors remain optimistic about opportunities in the vision care space. The U.S. population continues to grow and age, creating a robust environment for optometry and optometric practices, according to industry experts. They note that a rising need for eyecare and eye health services, fueled by growth in the population of patients aged 65 years and older, continues to make the landscape a stable and attractive target for those who are looking to invest, or to grow their career.

Further, according to leaders who spoke with *VM*, the expectation is that needs in the area of eye disease detection and related subspecialties will also continue to grow, driving investments in technology and people. Indeed, population statistics support these industry observations, with U.S. Census Bureau data showing that the American population didn't just grow in 2020, it also got older, with 1 in 6 people, or approximately 55.8 million, aged at least 65 years. Driven largely by the Baby Boomer population, this growth has impacted not just the need for regular eye exams, but also the need to detect eye diseases more commonly found in older populations.

"Optometry continues to be a very attractive place for both investment and career opportunities," said Eric Anderson, CEO of AEG Vision. "The need for vision care is accelerating with our aging

population—and an escalating incidence of eye pathology among patients. Advancements in technology have elevated optometrists' ability to both diagnose and treat patients. The outlook for the profession has never been stronger."

"Investors continue to be interested in vision care due to the stability of the sector," said Sue Downes, chief executive officer of MyEyeDr. "With consistent global turbulence over the past four years, optometry and the optical industry remains strong and growing."

While that may be true, it's not to say that the picture is completely unblemished. Experts are also observing that the increasing cost of money in the U.S., with the federal fund rate hovering around a 23-year high of 5.5 percent as of press time, has had a slight cooling effect on deals and may continue to do so in the short term. Investors may also tighten their criteria when assessing practices for purchase or acquisition. Meanwhile, skittish consumers, inflation concerns and worries around recession risk have also left a mark on the number of transactions taking place as well as how deals are being structured, they observed.

Although these broader currents can't be ignored, experts and industry leaders alike generally align on the sentiment that the vision industry itself remains appealing to investors. François Huré, partner and co-founder at CapM Advisors whose representative transactions include the sale of PECAA to VSP Vision, the acquisition of Advancing

Eyecare by Cornell Capital, and the sale of Luxury Optical Holdings to New Look, among others, shared his perspectives on the attractiveness of the optical industry.

"There are secular growth dynamics in the industry that have been there and that will continue," he



François Huré

said. "As the population ages, the need for vision care gets greater. The growth in the demand for vision care services and products is greater than the number of doctors that come out of school, so that creates a dynamic where the supply and demand, the balance between those two factors, continues to

go in favor of the profession.

"There's more need and not enough doctors to service that need," he added. "That's a dynamic and a trend that will continue, and that's very attractive in terms of what it means for the whole industry going forward. And from a supply and demand standpoint, that's very promising."

When looking at how the climate and criteria for deals has changed over the past year, Huré points to the cost of money in the U.S. and, from a broader

Continued on page 32

PE-Backed Groups Assist ODs in Elevating Their Practices

AEG Vision's Business Strategy Remains Unchanged Amidst Steady Growth

AEG Vision <https://www.aegvision.com/> finished calendar year 2023 with more than 400 practices located in 28 states, shrugging off the potential impact of external factors such as inflation concerns along the way. “We have grown steadily during the past three years, adding between 70 to 90 practices annually,” said Eric Anderson, CEO of AEG Vision.

“Our acquisition activity has not been impacted by external factors and we have not experienced any lack of interest from potential sellers.”



Eric Anderson

The company's community of 4,000 doctors and associates allows it to deliver elevated levels of eyecare to more than 2 million patients each year, Anderson noted. “Our business strategy remains unchanged, given the success we have experienced,” he said. “We look to partner with leading optometrists across the U.S. who wish to elevate their practice. We make significant investments in each practice (e.g., technology, equipment, back-office support) that elevate outcomes for all of our doctors, associates and patients.”

Riata Capital Group <https://www.riatacapital.com/> is the private equity firm behind AEG Vision as AEG seeks new partnering opportunities that will

empower eyecare professionals to deliver world-class patient care and service by leveraging medical best practices, innovation and collaboration.

“Optometry continues to be a very attractive place for both investment and career opportunities,” said Anderson. “The need for vision care is accelerating with our aging population—and an escalating incidence of eye pathology among patients. Advancements in technology have elevated optometrists' ability to both diagnose and treat patients. The outlook for the profession has never been stronger.”

Whether it's the impact of vertical integration, constant changes in managed care or the ongoing pressures of owning a private practice, Anderson said, AEG Vision provides practice transition and operational support solutions to optometry practices that allow for maximized value through scale, collaboration, innovation and a strong vision for future growth.

“AEG Vision is a destination for optometrists who want to partner with a people-centric organization with a proven track record of elevating outcomes for all doctors, associates and patients,” Anderson said. “Our philosophy is to merge the DNA that made each independent practice successful with the best of AEG Vision's DNA to make something better. We make significant investments in each practice that enable our doctors to practice the kind of medicine they want to.

“We believe that we are ‘modeling the way’ on how an eyecare platform should operate,” he said. “We have proven that our approach works for our 4,000 doctors and associates (high career satisfaction, low turnover), our 2,500,000 annual patients (industry-leading average patient NPS of 87 percent over the past three years), and our investors (consistent strong revenue and profit growth). Consolidation—if done correctly with a partner focused on common goals—can be good for optometry.”

Looking ahead for the remainder of 2024, AEG Vision is planning to stay the course, searching for partnership opportunities while helping optometry to meet its goals along the way, Anderson said. “In

2024, we plan to continue the same steady growth we have demonstrated over the past several years,” he noted. “Our goal is to continue to help elevate optometry wherever we operate—while maintaining the strong positive culture that has been the cornerstone of our success.”

Ascend Vision Partners Is Seeking Quality Partnerships

Ascend Vision Partners <https://ascendvision.com/> serves as the strategic business partner to some of the leading U.S. ophthalmic and optometric practices, said Chad Tomlinson, chief growth officer at Ascend Vision. Backed by private equity firm Chicago Pacific Founders <https://www.cp-founders.com/>, Ascend Vision provides operational and administrative functions, including revenue cycle management, payer-provider relations, compliance, human resources, IT, marketing and other essential non-clinical functions. The company currently has 46 locations between Florida and Texas, nine of which joined the group in 2023.

“We have found that we have been able to consistently partner with great ophthalmologists and optometrists in both Florida and Texas, and to date have not experienced any slowdown in our partnerships,” Tomlinson said. “More now than ever, hard-working doctors are looking for help to manage this increasingly difficult environment. We are proud of the shared services we are able to offer each and every one of our partners.”

These shared services include call center support, physician recruitment, human resources and benefits, legal and regulatory compliance, and more, Tomlinson said, noting that Ascend Vision takes on the administrative and operational burdens of a practice so that optometrists and ophthalmologists can focus on their patients. The company also continues to invest in the optical industry, searching for partners in both optometry and ophthalmology that are a best fit and put patient care at the forefront.

Continued on page 18

What's Driving Private Equity & Practice Transitions?



Delivering Integrated Care to Meet Demand for Quality Eyecare

Continued from page 17

“We have always been an advocate of the optometric industry. We continue to find well-rounded groups to partner with, many of them having their own unique spin on vision services,” said Tomlinson. “Embracing all aspects of the vision industry is critical in providing a robust and well-rounded patient care model. We have strong partners and skilled ophthalmologists and optometrists who continuously explore opportunities to bring new and innovative care ideas to each and every one of our clinics.

ASCEND VISION
PARTNERS



Chad Tomlinson

“At Ascend we know ophthalmology and optometry,” he continued. “Most of our executive team is composed of team members who themselves have worked in the vision space for many years. Personally, my first job was developing fluorescein film in a darkroom at what is now a platform practice of AVP. Thank goodness technology has advanced past that stage. I think our longevity and experience in eyecare delivery helps to set us apart. We have been there and understand the challenges that each doctor faces daily.”

Looking ahead to the remainder of 2024, Ascend Vision will continue to expand and grow their partnerships with both optometry and ophthalmology practices, with the goal of enhancing the patient experience, Tomlinson said.

“Since day one we have remained diligent in our partnership methodology,” he noted. “We are excited to continue that same growth-oriented patient care model into 2024.

“Each year brings a new set of opportunities,” he continued. “We evaluate each one to make sure we are as good of a fit for them as they are for us. For us, it is not about the number of partnerships but rather their quality, and how we can grow together to create an industry-leading patient experience.”

Eye Health America Continues Growth in the Southeast

Founded in 2018 by LLR Partners <https://www.llrpartners.com/>, Clemson Eye, and The Eye Associates, Eye Health America <https://www.eyehalthamerica.com/> (EHA), a leading integrated eyecare platform in the Southeastern U.S., saw an increase in partnership activity in 2023, closing the year with 53 clinics, 10 ambulatory surgical centers (ASCs) and more than 100 providers, said Philip Isham, EHA's chief development officer. The company's partner practices are divided almost evenly between ophthalmology and optometry practices.

“Due to market trends, much of our activity has carried over into 2024,” Isham noted. “The second half of 2023 was significantly more active than both earlier in the year and throughout 2022, but still lags the level of activity from 2021's post-pandemic climate.”

EHA seeks to partner with practices that share its vision of providing the best patient-focused eyecare and delivering exceptional vision outcomes, Isham said. Led by industry-recognized leaders with more than 100 years of combined eyecare practice management experience, he noted that the group can understand processes from a practice level and enable better efficiency and profitability in the future.

“EHA provides numerous benefits to our partners, including the freedom to focus on patient care, work-life balance, internal access to subspecialty care and career growth opportunities for the whole team,” said Isham. “EHA enables estab-

 **EYE HEALTH AMERICA**



Philip Isham

lished contributing eyecare providers to be owners in EHA (parent company) and its surgery centers (for local surgeons). Additionally, EHA encourages all providers to practice to the full scope of their respective licensure to ensure all providers maximize their care delivery potential, which enhances collegiality, clinical effectiveness and patients' experience.”

In early February of 2024, EHA announced a partnership with Loris Eye Associates (LEA), Isham said, marking its 24th strategic partnership since 2018.

“Strategically, our approach has not changed,” he said. “We continue to intentionally pursue culturally aligned, best-in-class eyecare practices in both ‘new’ Southeast markets where EHA does not currently have a presence and expansion in our existing Southeast markets. We remain flexible in our approach to developing partnership structures that align the needs of both EHA and the potential practice partner to be a ‘win-win’ for both parties.

“Our partnership strategy maintains a deliberate and disciplined approach toward investing in Southeast-based markets,” he said. “We continue to focus on partnerships where we can build scale and maximize patient access and eyecare delivery within those specific regions. Our investment priorities remain consistent...invest in technology/procedures/capabilities that improve access to care

X @VisionMonday

f Facebook.com/VisionMonday

VISIONMONDAY.COM

and bring the latest advancements to yield better patient outcomes.”

According to Isham, EHA’s model is a fully integrated OPH-OD provider model offering the full spectrum of eyecare services. He noted that a “collegiality” and “shared care” delivery approach has been the foundation of EHA’s strategy and distinction from the start and offers tremendous professional fulfillment and career value to the eyecare provider team. Due to an aging population, a shortage of eyecare providers, and other factors, he said, the eyecare industry is a consistent draw for would-be investors.

“The eyecare industry continues to be attractive for strategic investors and consolidators because of several macro trends impacting need, coupled with access to capital unlocking additional growth avenues that private practices may not feel comfortable taking on the risk to achieve on their own,” Isham said. “The prevalence of eyecare disease continues to increase due to the aging population, while eyecare provider supply to meet the increased demand is decreasing.

“Additionally, the latest generation of physicians coming out of school are searching for alternative tracks to the traditional private practice model as they strive to have a greater work-life balance and have less appetite for the personal risks of owning and running a private practice,” he said. “Lastly, with the advancements in technology, there continue to be alternative patient services that can be offered that provide growth opportunities for practices willing to make the investments.”

According to EHA, its strategy to enter a market is with a “hub” practice comprised of an ophthalmology/optometry mix and an ASC, and then grow its patient reach and full scope of eyecare services through additional partnerships with other ophthalmology practices, optometry practices and sub-specialists in that market.

As for the benefits offered by partnering with EHA in a growing world of consolidation in the eyecare/optical space, Isham offered the following:

“We embrace the tried-and-true precepts of private practice (i.e., clinical autonomy, equity/ownership, etc.) and encourage practices to operate similar to their private practice approach, but

with expertise and support from centralized administrative functions to help drive clinical/business operational effectiveness/efficiency, organic and acquired growth, and ultimately, enhanced value of the local practice, ASC and EHA organization.”

EyeCare Partners Provides Full Spectrum of Eyecare Services

Back by private equity firm Partners Group <https://www.partnersgroup.com/en/our-investments/private-equity>, EyeCare Partners <https://www.eyecare-partners.com/> provides a full spectrum of eyecare—from optometry to ophthalmology, said Mark Barron, chief growth officer. With a team that includes centers of eyecare excellence and practitioners hailing from every specialty and subspecialty, EyeCare Partners had 60-plus ophthalmology practices and 385-plus locations across its optometry brands at the end of 2023, in addition to 31 ambulatory surgery centers (ASCs).

According to Barron, EyeCare Partners saw continued growth in sites and doctor counts in 2023 despite partnership activity via acquisition softening substantially relative to recent history. In all, EyeCare Partners has more than 700 ECP-affiliated locations that provide services spanning the eyecare continuum in 18 states and 30 markets.

In September of 2023, David A. Clark, who has served as EyeCare Partners’ chief executive officer since 2021, left the organization. Benjamin Breier served as interim CEO until late January of this year when the company announced that Chris Throckmorton had been named as CEO, succeeding Breier.

“EyeCare Partners unites leaders from every ophthalmic and optometric subspecialty to provide a full-spectrum of eyecare as one integrated team,” Barron said. “We believe that integrated care is the best way to meet the demand for high-quality eyecare in our communities. Until EyeCare Partners, there were two career options for doctors: academia or private practice. Our doctor-led organization offers a third pathway that blends the best of both worlds, with the added resources to invest in candidates’ financial future as well as continued development across clinical and surgical care, research, education and/or business leadership.”



Mark Barron

EyeCare Partners shares best practices and invests in leading edge tools and technologies, Barron noted. The company is investing in more than 200 research studies and, in the process, is using proprietary data to improve patient outcomes. They also provide support services to their clinical teams to improve the patient experience, and utilize a medical executive board to guide all strategic business decisions.

“Our partnership model allows doctors to maintain clinical autonomy, provide excellent patient care and deliver quality outcomes,” Barron said. “We are committed to leading the industry forward by improving patient outcomes, transforming patient experiences and supporting our providers to deliver the absolute best patient care.

“Demand for quality eyecare is increasing at an accelerating rate due to our aging population and increase in comorbidities and risk factors,” he said. “This presents both opportunities and challenges. Our integrated model remains anchored on efficient delivery of care with optimal clinical outcomes and patient experience.”

As EyeCare Partners continued to expand its network of practices across the country over the past 12 to 18 months, its commitment to overall patient care remains steadfast, Barron said, adding, “Our criteria have not changed. We are building the highest quality national network of clinically integrated ophthalmologists and optometrists across our geographic footprint, and

Continued on page 20

What's Driving Private Equity & Practice Transitions?



Groups Invest in Technologies That Improve Patient Outcomes

Continued from page 19

continually seek opportunities to expand in new and existing markets. Interest rates, inflation and other macroeconomic pressures in 2022 and 2023 have contributed to a higher bar for capital deployment toward inorganic activities.

“We have the opportunity to transform the delivery of eyecare across the entire continuum, from primary care to specialty and subspecialty care,” he said. “Our criteria for business development remain grounded in that foundation.”

For the duration of 2024, EyeCare Partners plans to stay assertive in seeking out opportunities that best fit its vision.

“EyeCare Partners will remain aggressive on opportunities that fit our long-term strategic vision and reflect appropriate valuations in this inflated cost environment,” Barron said. “We also remain focused on new clinic and ASC builds, site expansions, innovation and other strategic growth initiatives.”

EyeSouth Partners Seeks Partnerships With Leading Ophthalmologists

Founded in early 2017, EyeSouth Partners’ <https://www.eyesouthpartners.com/> physician-led model focuses on local partnership opportunities with leading ophthalmologists. Backed by private equity firm Olympus Partners <https://olympuspartners.com/>, EyeSouth seeks business partners who wish to maintain their clinical autonomy, while benefiting from technology investments, along with operational and administrative support. Business partnership opportunities with EyeSouth Partners also includes its practice transition model, which helps individuals plan for retirement.

At the end of 2023, EyeSouth had more than 213 locations, including 192 clinical locations and 20 surgery centers from 40 affiliations since its inception, which together saw more than 1.25 million annual visits.

“Our acquisition activity was strong in 2023, when EyeSouth affiliated with groups in large and

growing markets such as Houston, Jacksonville, and Charleston and invested in surgery center acquisitions and developments to support our physicians in markets like Chicago,” said Rex Adams, CEO at EyeSouth Partners.

While facing the challenges of higher interest rates and inflation, EyeSouth Partners continued to grow in 2023.

“Our deal activity has been strong even in the face of higher interest rates and inflation,” said Adams. “Our view is that these factors, along with continued pressure on reimbursement, continue to drive independent practices to consider partnering with EyeSouth because of our ability to support them administratively, provide capital for growth and manage the ever-increasing cost of overhead.”

He said, “The biggest change we have seen coming out of a sustained period of high interest rates and inflation is how physicians and practices are assessing the balance sheets of different management services organizations (MSOs), like EyeSouth. With the cost of labor, supplies, capital and other critical business inputs going up, we think the trend of doctors doing diligence on the groups they consider joining is very healthy. They need to know that their partner doesn’t have unsafe amounts of debt that will hamper their ability to invest in resources practices need to grow and thrive.”

According to Adams, EyeSouth’s approach to filtering affiliation opportunities has always been simple and hasn’t changed. “We pursue affiliations with like-minded doctors who prioritize clinical excellence above all else and who believe that partnering with EyeSouth to accelerate growth is the logical next step in the evolution of their practice.

“When doctors assess opportunities to join an organization like EyeSouth, they should really focus on the quality of the doctors already involved and how focused the management team is on growth. We believe we have best-in-class doctors and industry-leading organic growth rates, and that those two things tend to go hand-in-hand.”

Adams believes the vision/optical industry presents an attractive market for investors over the next



Rex Adams

few years, with new opportunities at the forefront.

“The vision industry, as with most health care services in today’s market, continues to undergo new and exciting changes. Opportunities like new intraocular lenses that improve patient outcomes, continued migration of the patient point of care out of hospitals toward offices and surgery centers, or the supply/demand imbalance for qualified care providers all drive growth in our industry,” he said. “We really are at an inflection point in the market, and practices trying to juggle learning new technologies and managing more complicated IT and HR environments are finding that a partner like EyeSouth can be a really helpful solution.”

Looking ahead to the second half of 2024, EyeSouth Partners will continue to invest in new technologies as it aggressively seeks out new partnerships, according to Adams.

“We intend to be very aggressive pursuing new affiliations in 2024, and we expect that our appetite for deals will include partnerships with private practices as well as joining forces with some other MSOs in the marketplace to continue developing the size and scale practitioners need to keep up with all the changes taking place in our industry,” Adams said. “We are investing in new technologies, whether that means staying on the cutting

Continued on page 22



Securing the Right Fit Between Investors and Physicians

Continued from page 20

edge of products and services that enhance the patient experience and outcomes, or administrative systems that help automate processes and keep our practices efficient and our overhead levels sustainable as we continue to invest in growth.”

He said, “Ophthalmology practice owners should know that EyeSouth has partnered with 40 groups over the last seven years and is well-capitalized to continue that trend. Our track record of aligning with our physicians for growth will continue to guide us in 2024.”

Keplr Vision Focuses on Private Practice Medical Optometry

Executives at Keplr Vision <https://keplrvision.com/> state that the large optometric group has been intent on concentrating on its philosophy as an “OD-led and OD-centric organization,” with a priority on improving patient care and attracting and retaining the best private practice optometrists who focus on medical optometry. Currently, across its 278 locations, with 605 optometrists, Keplr reports that for calendar year 2023 and into 2024, the group has been “maintaining above-industry averages for organic comp growth.”

Keplr told *VM* it has focused on optometric scope expansion of services and medical equipment and its own IT infrastructure, and has fostered communication and engagement through regular group town halls with doctors and associates. It has also worked to facilitate “generational leadership transfer among ODs in our practices.”

Tim Mayhew, CEO of Keplr Vision since August 2022, stated, “We believe independent optometry is the highest form of eyecare, we believe that eyes and eyecare matter.”

The company had announced just over a year ago in March 2023 that it closed \$80 million in additional funding from existing investors, including Golub <https://golubcapital.com/> and Imperial Capital. Details of the transaction were not disclosed.

keplr™
VISION



Tim Mayhew



David Cockrell, OD



Jon Christiansen, OD



Tim Westra

At the time, Mayhew stated, “We are extremely excited to announce this increased level of confidence and commitment from our investors. They recognized Keplr Vision’s amazing potential as a partner with many of the largest, most prestigious practices in the United States.”

During 2023, Keplr Vision reorganized its field operations team, with David Cockrell, OD, named as the new East division president, Jon Christiansen, OD, named as West division president, and Tim Westra being named as the Comprehensive division president.

Mayhew also told *VM* at press time that Emilia Famini had recently joined the company as its new chief financial officer.

MyEyeDr. Looks to Flexible Expansion and Elevation of Clinical Excellence in 2024

In keeping with their goal of “building a world class organization dedicated to delivering an exceptional patient experience every day, and one which supports and advocates for full-scope op-

tometry,” the senior leadership team at MyEyeDr. <https://www.myeedr.com/> said the organization will continue to integrate technology and service operations, invest in clinical excellence and training, and accelerate its acquisition activities in 2024.

Sue Downes, chief executive officer, told *VM*, “Investors continue to be interested in vision care due to the stability of the sector. With consistent global turbulence over the past four years, optometry and the optical industry remains strong and growing.”

She said, “From an acquisition perspective, we plan to accelerate activity and partner with new practices at a rate similar to our pre-COVID time-frame. We will also grow in selected markets by opening 10 locations as ‘cold starts.’ We continue to strengthen our class-leading patient experience by making significant investments in medical equipment and practice management technology. We have plans to support and promote our doctors’ medical and specialty practices in new and exciting ways in 2024, while better meeting our patients’ needs through omni-channel expansion.”

At the end of 2023, the MyEyeDr. organization, which is backed by Goldman Sachs Merchant Banking, had 842 offices and 1,481 doctors.

Bill Murray, EVP, practice development, added, “MyEyeDr. spent much of 2023 focusing on integrating the 200 practices we acquired in 2021 and 2022. We took that time to ensure the patient, doctor and associate experience was up to MyEyeDr.’s standards. We partnered with 10 additional practices in 2023 and accelerated our practice acquisitions and integrations through the fourth quarter of 2023 and into 2024.”

Murray said, “As we’ve grown, we have recognized the need to serve optometrists who are in different phases of their ownership or career. We are continuing to evolve our partnership and employment offerings to serve those needs. We remain flexible. We will continue to consider partnering with strong practices that strive to deliver a top-notch patient experience. The most important factor is that doctors have strong relationships with their patients and communities.”

X @VisionMonday

f Facebook.com/VisionMonday

VISIONMONDAY.COM



Sue Downes



Dr. Artis Beatty

The MyEyeDr. team has been putting an emphasis on “operating with excellence” that encompasses clinical excellence. Dr. Artis Beatty, chief medical officer, pointed out, “We have a rich history of partnering with community doctors, since our founding more than 20 years ago. MyEyeDr. is a leader in the industry at protecting and advocating for the expansion of optometry. We are dedicated to working closely with the American Optometric Association (AOA) and state associations to expand scope and public awareness around eyecare, health care and the role optometry plays.”

Dr. Beatty added, “Our team’s sole focus is to support our offices so our doctors can put their focus on delivering exceptional patient care instead of the administrative burden of owning a practice. Ultimately, there are significant benefits to our scale and the unified MyEyeDr. brand. From the practice-building advantages that come with patient recognition, to the ability to bring new treatment opportunities to patients through participation in clinical studies and trials, our doctors lead in care-delivery. Access to brand-exclusive products, and industry-leading investments in technology give our doctors the ability to care for those patients in unique ways.”

One of the many initiatives among and for its doctors is in the arena of sub-specialties. There are several, but one of the new ones is MyEyeDr.’s expansion into dry eye disease management. Based on input from its entire doctor base, including both more experienced and newer-practice doctors, protocols, best practices and treatment options are shared via pretest and secondary testing, including options for new treatments.

Last year, a group of 46 clinics elected to take part initially, and now these MyEyeDr. dry eye centers, with the involvement of doctors, associates and staff, are being expanded to another 60 offices. Dr. Beatty said there’s the intention to make this broader, determined by a combination of practice and underlying patient demographics and doctor interest, but it’s definitely a focus in 2024 as are other sub-specialty initiatives.

MyEyeDr.’s clinical excellence initiatives involve doctor education, enrichment, sharing of best prac-

tice procedures and clinical standards. These are kept separate but work in parallel with other practice operations and day-to-day management programs at MyEyeDr. This has led to credentialing and peer review, to facilitate how doctors can practice.

The group has been actively exploring and examining options in remote eyecare, which they describe as video-assisted eye health exams. Dr. Beatty pointed out that this is an effective approach to patient care in many situations, and the company has also developed a delegated credentialing program as well. Video-assisted eye health exams are done in a unique way at MyEyeDr. and the group has invited third-party organizations to see how well it is working so that approvals can be facilitated.

Said Dr. Beatty, “We are proud to have developed one of the first and only fully NCQA accredited, delegated credentialing programs. Having received accreditation in mid-2022, we are able to credential providers on behalf of participating payors through an in-house committee. We began developing policies and setting the rigorous standards that we needed to become accredited in

2021, and we continue to refine the process.

“Now, delegated credentialing allows us to expedite our doctors’ credentialing process based on a thorough review of a number of qualifications by our in-house committee. The result is that doctors can begin seeing insured patients much faster than traditional credentialing processes.”

MyEyeDr. is the first eyecare group to put in the infrastructure for clinical trials across the organization. Its collaboration with Parexel, <https://www.parexel.com/> one of the world’s largest clinical research organizations (CROs) providing the full range of Phase 1 to IV clinical development services, is facilitating ways for referring patients into existing and future ophthalmology clinical trials.

“This continues to elevate our health care position,” Dr. Beatty noted, adding, “We are seeing more complex cases because of the level of medical eyecare our doctors provide, and we are putting the processes in place for this with our partners at Parexel.”

Much more is on the way from MyEyeDr. this year, Downes pointed out, including the launch of new e-commerce options that will start to be visible next month for contact lens ordering, and other product service options for patients, including two new private label, reading glass collections.

Retina Consultants of America Partners With Retina Specialists to Provide Care in 20 States

Backed by private equity firm Webster Equity Partners <https://websterequitypartners.com/>, Retina Consultants of America <https://www.retinaconsultantsofamerica.com/> (RCA) has partnered with retina practices around the country to make exceptional care more accessible nationwide, according to CEO Robby Grabow. To date, RCA has partnered with 275 retina specialists across 20 states. The group serves 2 million patients annually through a broad range of treatment options at more than 220 clinic locations.

The retina specialists and surgeons within its network provide advanced care for macular degeneration, diabetic retinopathy, geographic atro-

Continued on page 24

What's Driving Private Equity & Practice Transitions?



Developing the Right Opportunities for Practitioners at Any Career Stage

Continued from page 23

phy and all conditions of the retina. RCA's network also includes leading specialists in uveitis, ocular oncology, pediatric retina and other subspecialty care. RCA has retina center locations in California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Minnesota, Mississippi, Missouri, New York, North Carolina, South Carolina, Tennessee, Texas, Utah and Washington.

"At Retina Consultants of America, our vision is a world without blindness. Our mission is saving sight and improving the lives of our patients through innovation and the highest quality care," said Grabow. "Our core values reflect those of a patient-focused organization striving to make the best retinal care available to more people, in more places."

At RCA, physicians take the lead with support from eyecare experts. A medical leadership board, comprised of 35 lead physicians from across the country, enables its retinal specialists to share expertise and resources to create higher quality business solutions for its patients. An experienced executive team and board of directors adds support, while RCA's research committee provides leadership to active clinical trials and helps establish the pipeline for future research.

"While our physician partners continue to make clinical decisions, our leadership team supports their critical work through resources and tools that improve patient experiences," Grabow said. "Such endeavors include sharing of best practices between our partner practices, participation in world-class research that improves patient outcomes, access to capital to enhance our clinic facilities, and the ability to attract the best and brightest retina specialists to an RCA practice."

RCA also aims to be on the forefront of clinical trial innovation in ophthalmology and retina care through its specialized research and clinical trials division. RCA Research aims to further the fight against blindness through innovation in key areas in the future, including new, longer-lasting therapeutics to limit repeat visits in-office, genetic



Robby Grabow

therapies to stave or potentially reverse blinding disorders; further expansion into rare inherited diseases; and ventures into patient quality of life and comprehensive care cross-specialty.

According to Grabow, RCA is the largest clinical research site in the U.S. dedicated to retina, with more than 400 active trials in the pipeline and more than 1,500 patients randomized annually. RCA has also invested considerable capital to renovate and enhance clinic facilities to ensure better patient care and satisfaction, he noted.

"We collaborate with 30,000 referral sources across optometry and general ophthalmology annually, providing education regarding the field of retina to ensure our patients are treated by the right clinician at the right time," Grabow said.

Sight360 Adds Large Acquisition, Looks to Ride Momentum in 2024

Sight360 <https://sight360.com/> provides optical retail, optometry, ophthalmology and related surgeries in the West Central Florida area. The company finished 2023 with 19 clinical locations, adding two new ophthalmology and optical locations, and 2024 is off to a solid start, with a prize acquisition hitting in the first month of this year, said Sight360 CEO Brian Hauser.

"We closed on a large acquisition, Florida Eye Specialists and Cataract Institute (FESCI), in January 2024,

which added 10 locations and about 30 physicians," said Hauser. "This conversation began in earnest the middle of last year, independent of any cooling of inflation during the tail end of last year.

"The timing of the FESCI announcement has been a real driver of Q1 activity for us," he said. "Other local practices began contacting us to explore what Sight360 can offer them, and we have begun due diligence on several new targets."

Backed by private equity firm Spanos Barber Jesse <https://www.sbjcap.com/> (SBJ) of California, Sight360 offers complete vision care services, including optometry, ophthalmology and optical retail. These services include routine eye exams, contact lens exams, medical eye exams, cataracts, glaucoma and surgical procedures, and eyeglasses, sunglasses and contact lenses.

"Sight360 practices have a strong and trusted reputation of serving the greater Tampa Bay market for more than 40 years," Hauser said. "Sight360 provides vision care physicians with operational support and resources to allow them to focus on delivering high-quality patient care, with a trained, highly engaged staff to complement the patient's experience and create a positive workplace culture.

"We have a deep roster of subspecialists that may complement or, in some cases, add value by rotating them into the target practices, allowing our physician liaison team to push OD referrals in for patient evaluations and subsequent surgeries. This comprehensive [management services organization (MSO)] support model also implements initiatives to grow the practice.

"In this region, we continue to have favorable demographics for incremental patient volume, as we continue to see large population growth post-pandemic into Florida," he continued. "This demand is an excellent recruiting tool for new physician graduates and experienced ones interested in relocating to the Tampa Bay area."

After beginning 2024 with the acquisition of FESCI in January, Sight360 is looking to ride the momentum for the remainder of this year.

Continued on page 26



Despite Concerns, Vision Industry Remains Appealing to Investors

Continued from page 24

“We will continue as in 2023 looking for practices that add strategic value to our footprint in the Greater Tampa Bay region, and we have already begun to look at both ophthalmology and optometric practices,” Hauser said. “We continue to engage these target locations with a supportive partnership, and through reducing the ever-growing administrative burden placed on them, particularly regarding third-party payers and dynamic staffing demands.”



Brian Hauser

“As a recent example, we’ve been in a stronger position to weather the disruption to claims processing as result of the cyberattack on the Change Healthcare clearinghouse than smaller practices without similar resources,” he said. “These resources, in addition to those such as finance, referrals, marketing, capital support, new technology, and revenue cycle management strengthen our value proposition to prospective practices interested in us.”

Hauser also stressed that Sight360’s physicians are the company’s biggest assets as far as their talent and experience as well as their credibility in working in a private equity-backed space.

“One of the main ways we meet this challenge is to utilize our physicians who have partnered with us,” Hauser said. “They are our biggest advocates to help dispel the concerns over consolidation, particularly in the private equity backed

space. Their credibility and experience are a great way to engage with other physicians expressing interest in joining the Sight360 platform, and speak to how our MSO support model has benefited them and their teams.”

TeamVision Offers Practice Transition Options

Heading into 2024, TeamVision, consisting of less than 120 locations, continues to remain selective in the practices it adds to its current roster. Since adding its first group of practices in 2021—Triangle Visions Optometry, Golden Optometric, Cooper Eye Care, Highline Vision Center and Professional EyeCare Associates, representing 35 locations—the organization continues to include practices that proactively reach out with expressed interest and align with its core value of providing quality patient care, said Luca Tait, president and general manager, TeamVision. He discussed the value this approach brings to its network.

“By maintaining this focus, we have kept our number of practices to less than 120 locations,” he said. “This approach has enabled TeamVision to focus on the sustainability of the network through the prioritization of support and resources for existing practices.”

“TeamVision was started because eyecare professionals asked for choice when it comes to practice transition options in the market,” he stated. “Specifically, they asked for opportunities to move to the next phase of their career while supporting health-based patient care. We’ve built an alternative for practice owners who approach us about their needs for practice transitions.”

Another goal of TeamVision is to ensure that the legacy of the practice remains as it moves forward through a practice transition.

“TeamVision empowers practitioners to take the next step in their career, while ensuring the practice they’ve labored to build remains health-based and patient-centric, and continues to be known within the community,” said Tait. “While practitioners fo-



Luca Tait

cus on medical services and patient care, TeamVision offers best-in-class product, inventory, staffing and marketing support.”

Looking ahead for the remainder of 2024, TeamVision will continue to focus on providing doctors with options in how they practice.

“Our criteria remain the same—our network is made up of like-minded practice owners who approach us about their needs for practice transitions,” Tait said. “We will continue to be selective in adding practices to our network that align with our core value of providing quality patient care and allow us to continue to focus on supporting and sustaining our existing practices. We define success as meeting the untapped need in the market and ensuring doctors who reach out to us have options in how they choose to practice.”

TeamVision is a management services organization within EssilorLuxottica <https://www.essilor-luxottica.com/en/> that offers a medically focused alternative to practices who proactively reach out and align with the company’s core value of providing quality patient care. TeamVision is not a practice facing or consumer facing name.

Vision Innovation Partners Supports Mid-Atlantic ECPs and Practices

Vision Innovation Partners <https://www.visioninnovation-partners.com/> supports the mid-Atlantic’s premier ophthalmology practices and surgery centers with the backing of Gryphon Investors <https://www.gryphon-inv.com/>, a leading middle-market private equity firm, and concluded 2023 with a total of 24 practices (covering 56 clinic

locations) and 11 ambulatory surgery centers, with 157 providers, said Chris Moore, CEO of Vision Innovation Partners.

The business was founded in 2017 by Drs. Maria Scott and Mark Whitten, physicians in two premier mid-Atlantic ophthalmology groups, Chesapeake Eye Care and Laser Center and Whitten Laser Eye, to build a management company that would support providers. Vision Innovation Partners provides management and support to leading providers of comprehensive eyecare services in the mid-Atlantic region, Moore said.

The company supports many of the leading clinical practitioners in the market by leveraging its experienced management team, scalable technology and systems, and back-office functions including compliance, managed care contracting support, finance, medical records management, practice management and marketing.

“We seek growth-minded practices that want to leverage the collective wisdom of being a part of a platform,” Moore said. “While we have nearly 1,400 employees and cover three states in addition to Washington, D.C., we are one organization that shares a passion of becoming the best-in-class eyecare organization in the world.”

When Vision Innovation Partners identifies a practice that it believes may benefit from its management services, the process begins with determining overall fit.

“Not all ODs or MDs are a fit for us, nor are we always the right fit for eyecare providers,” Moore said. “If an OD or MD is excited about focusing on patient care and having a world-class organization supporting them and the growth of the platform, each day, then a partnership may make sense. We believe that organizational size will matter in our industry in the coming years, and we are poised to be one of the largest platforms in the nation.

“Vision Innovation Partners exists to protect and restore vision for patients who entrust our team of providers with their care,” he said. “In partnership with our eyecare providers, we facilitate all the back-end operations, including recruiting, compliance, managed care contracting, credentialing, finance, medical records, practice management and



Chris Moore

marketing. We understand the importance of constant evaluation and optimization of the systems and processes we utilize. Moreover, we leverage data and analytics to enable us to deliver exceptional patient care in comfortable environments.”

Looking ahead for the remainder of 2024, Vision Innovation Partners will continue its search for practices that value innovation and growth.

“We will continue to evaluate any practices in our core market geographies who are excited about growth and becoming part of a world-class eyecare platform supported by a passionate team of professionals,” Moore said. “One of our values is innovation. As such, we pride ourselves in ensuring we are participating in the innovation cycle of eyecare and promoting new technologies our providers are excited about.

“We are here to be a support organization to our eyecare professionals,” he said. “We are not a company whose decisions are driven by spreadsheets and calculations. We acknowledge that we are in the business of supporting people taking care of people.”

VSP Ventures Offers Practice Transitions Options for ODs

VSP Ventures <https://www.vspventures.com/>, a business unit of VSP Vision that provides care-focused choices for ODs looking for practice transitions options, added seven new locations to its network in 2023, bringing its total count to 91 across

the country, said VSP Ventures’ president Kathleen Steele. The group did see activity taper off in the fall of 2023 as sellers began to focus on year-end, according to Steele; however, she stated, “we do not think that activity was impacted by inflation, rather the normal ebb and flow of the fiscal year. Sellers have already begun to re-engage in the new year.”

VSP Ventures’ goal is to ensure practices and their staff have a safe, secure work environment that affords the opportunity to focus on patient care, Steele said.

“We are a purpose-driven, patient-centric organization, and joining VSP Ventures means becoming a member of a network of centrally managed practices that benefit from robust support and the ability to concentrate on patient care,” Steele said. “Our ideal partner prioritizes an exceptional patient experience and has a desire to transition out of the day-to-day responsibilities of the practice. We aim to preserve the legacy patient care doctors have built over the years and offer a safe, secure work environment for doctors and practice teams.

“As a result of growth and continued learnings, our operational approach has evolved over the years to better support practices and the patients and staff within them,” she added. “VSP Ventures aims to align with doctors who are seeking an active partner in practice operations, allowing them to focus exclusively on patient care. To that end, we’ve built systems, processes and a team of industry-leading experts to deliver practice success within our model, and we look for partners who understand and embrace this model.”

As eye health becomes recognized as increasingly important to the overall health of patients, especially in an aging population, VSP Ventures points to the optical industry as a smart investment, Steele said.

“Now more than ever, eye health is recognized as a key indicator of overall health and well-being,” she noted. “An eye doctor can be one of the first health care providers to identify signs of up to 270 chronic conditions and diseases, making an annual eye exam a crucial part of regular wellness routines for many. Additionally, as people live lon-

Continued on page 31

What's Driving Private Equity & Practice Transitions?



Practice Transitions: Making the Right Move at the Right Time

What are some of the driving factors that can influence a practitioner or independent optical owner's decision to consider acquisition possibilities or other types of practice transition options? Here are two groups that offer advice to help practitioners make the right move at the right time.

Acquios Advisors Offers ODs Services for Every Stage of Growth

Acquios Advisors <https://acquios.com/> offers services for every stage of a practice's growth. Whether opening a new office, securing a better sense of work/life balance or bringing in more patients, Acquios Advisors can create an advising plan that fits any business, noted Rick Guinotte, CEO of Acquios Alliance and Advisors. The group's consulting services include partnership development, exit and entry strategies, valuation of optometry practices and succession planning. The company is not a broker and does not give legal advice, he added.

"We discuss what the client's timetable looks like and the past three years of data to identify the office performance," said Guinotte. "We also look

at the current trends to identify how it will impact the value of the location(s). We walk our clients through each step necessary to make certain the office is where the client wants and needs the terms of the sale.

"We also walk the client looking to purchase the office each step of the way," he said. "We show them where the office being considered has its strengths and opportunities. We discuss and guide them to see what a fair purchase/sale price will be for them to make sure they are knowledgeable to know what their cash flow will look like once they own the office, taking into consideration the loan, new lease and



Rick Guinotte

any new investment necessary to make the office successful and profitable for their immediate ROI as well as making sure patient retention is as high as possible."

In 2023, Acquios Advisors worked with 17 optometrists who were selling their locations and assisted 28 ODs as they acquired a private practice.

"As a doctor considers selling their practice, we will look at the future of the practice, create conservative projections for the business, and show the owner what they can earn in the coming years

Continued on page 30

Vision Source NEXT Helps Private Practice ODs Plan Their Next Move

Vision Source, <https://visionsource.com/> a network of 2,994 locally owned optometric practice locations in the U.S. with 4,500 doctors as of calendar year 2022, is dedicated to preserving the business of independent eyecare and ensuring member practices, and others like them, remain independent by delivering resources



to enable practice success, said Jeff Duncan, general manager, Vision Source. To that end, Vision Source NEXT, introduced in 2018, was developed to provide pathways, resources and assistance for independent optometrists at every stage of their private practice career or practice ownership journey, whether as a student or a member looking to start, acquire, sell or work in private practice.

Vision Source NEXT provides exclusive guidance and programs to support success, Duncan noted, and since its inception has helped more than 200

optometrists open their first private practice. Vision Source has also supported its members in successfully transitioning their practices to other private optometrists. The first transition took place in 2021 between retiring optometrist Dr. Scott Lewis and Dr. Alex Tadros.

"Vision Source NEXT allowed me to continue the legacy of Dr. Scott Lewis' practice, while allowing Dr. Lewis the ability to sell his practice in a competitive market," said Dr. Tadros, Vision Source member. "Without the Vision Source NEXT program, a purchase of this caliber office would not be possible. It was a true blessing to have this opportunity with a network poised on promoting private practice and a seller who truly exemplifies that same passion and desire to continue the legacy of private practice."

As part of Vision Source's commitment to sup-



Jeff Duncan



Dr. Alex Tadros

porting independent optometrists, Vision Source NEXT offers structured programs and resources that allow members' legacies of private practices to continue among future generations of private optometrists, Duncan said. Members considering retirement or a career change can leverage resources such as the following:

- Guides for preparing the practice for an effective transition well in advance of the sale.
- Support in understanding the valuation of the practice and relevant legal documentation.
- Consultation and support from in-house practice financial and transaction experts.
- Assistance in identifying a like-minded optometrist to purchase the practice.

Continued on page 30



Acquios Advisors Offers ODs Services for Every Stage of Growth

Continued from page 28

while maintaining their independence and developing their associate to take over a practice,” Guinotte said. “There are many ODs out there interested in practice ownership. We are eager to assist and network those ODs with candidates seeking positions with promise in a private practice setting. We make sure to address concerns some might avoid in conversation. We are here to help ODs in buying an established practice or selling an established practice to another OD to carry on the legacy started in the past.

“Patients are loyal not only to their optometrist but also the technicians, opticians and all on staff,” he said. “They want the individual care and attention best delivered by private practice. We embrace this mindset for the clients we help. They want the

relationships; they want to be there in the community for and with the patients.

“Selling a practice one optometrist started and transitioning the practice to another optometrist is scary for many. Retirement is not an easy step for people. This should be an exciting time for doctors to sell the office and know the new owner will carry the torch forward and be there for the community it is located in.”

Additional services offered by Acquios Advisors to ECPs looking to either sell or purchase a practice include reviewing the current lease to make certain the terms are favorable and time remaining on the transferrable lease are fair and balanced, drafting of LOI’s, purchase agreements and partnership agreements, access to an in-house legal advisor to review these documents, helping to educate the

client to understand the difference between an asset purchase versus a stock purchase and the pros and cons of each option; and explaining the pros and cons of seller financing versus the buyer going to a bank or other lending institution.

In selecting a partner to help with the often challenging and emotional experience of practice transition, Guinotte offers the following advice to ODs: “Plan ahead, be fair, ask yourself why did I become a practice owner, and what do I want for myself as I begin my next chapter in my life,” Guinotte said.

“Have open, honest communication with an advisor. Understand options and explore them but do so with cynicism. This is your baby. I have had clients tell me it was more difficult to sell their practice than to walk their daughter down the aisle. Can you get more sentimental than [that]?” ■

Vision Source NEXT Helps Private Practice ODs Plan Their Next Move

Continued from page 28

“Vision Source is dedicated to preserving and enabling the business of independent eyecare,” Duncan said. “We support this commitment through our unique combination of autonomy, collaboration, industry leadership and legacy building. Vision Source’s network of private optometrists operates with full autonomy over their practice management and clinical care. This autonomy over care means practicing within the highest levels and broadest scope of licensure, supporting best-in-class patient outcomes.

“As members of Vision Source, private practitioners have access to nationally renowned optometrist experts,” Duncan said. “Members meet regularly with leaders to take part in peer-to-peer business strategy collaboration, unlocking best practices and key learnings to drive the success of their private practice. This spirit of collaboration is one of the many reasons Vision Source’s network of private practices grows at a rate faster than the industry.”

Committed to strengthening the legacy of private

practice, Vision Source supports best-in-class business and patient care practices, while introducing solutions to ensure the future of private optometry remains strong, Duncan noted. Additionally, Vision Source NEXT offers several pathways for private practice ownership, including being connected with members looking to transition their private practices or warm-starting a new private practice.

Vision Source members receive multi-level support, according to Duncan, most notably through a community of national and local optometry experts who provide consultation and expertise in all phases of business growth. This expertise is complemented by learning and development tools created by a team of renowned optometrists. Dr. Tadros, who participated in Vision Source’s first optometrist-to-optometrist private practice transition, shared his experience leveraging these resources.

“Vision Source is so much more than meets the eye,” he said. “The amazing network of doctors willing to share knowledge and insights at the

drop of a hat, or the ability to reach out to another practice who has gone through the same struggles and challenges is incredible. Learning from some of the most successful doctors in the nation and having seen the compassion and genuine desire to help others is humbling.”

Duncan encourages optometrists who are considering a practice transition to connect with Vision Source, noting that support includes valuation modeling, inclusive of the trade-offs of further building profit and practice value versus transitioning the practice in the near-term. Consultants also assist in understanding relevant legal documentation, provide insights from financial and transaction experts, and assist in identifying a like-minded, private optometrist to purchase the practice.

“Our team of experts provide objective, individual consultation to help you plan for your future,” he said. “We will also walk you through critical considerations regarding the legacy of your practice, team members and the patients in your community.”

Vision Source is a part of Essilor of America, which is a division of EssilorLuxottica. ■

PE-Backed Groups Assist ODs in Elevating Their Practices

Continued from page 27

ger and lifestyles become more digitally driven, the need for quality vision care grows, making the optical industry and vision care profession an important and smart investment.”

VSP Ventures’ model offers ECPs care-focused choices for optometrists looking for practice transitions options, including the opportunity to sell their practices, Steele said. But it also offers an alternative to private equity.

“We believe doctors should have the opportunity to sell their practices for hard-earned equity if they feel it’s the right choice for them,” she said. “The VSP Ventures model offers doctors an alternative to private equity and other practice consolidators, providing an active partner to support the transition of all stakeholders.

“This includes the continuity of personalized care for existing patients, staff tenure for all acquired practices and a culture of collaboration and

vsp.
ventures



Kathleen Steele

development opportunities for teams. We’re confident this unique approach sets us apart from the traditional practice consolidation.”

VSP Ventures is taking aim at new partnerships for the remainder of 2024, offering practice transition options for physicians at every career stage.

“With 2024 shaping up to be a year of growth for

us, we’re committed to actively pursuing and fostering new partnerships,” Steele said. “Our approach is underscored by a broader VSP Vision commitment to provide a variety of options for doctors at every career stage and in every kind of practice setting. Our offers are highly competitive and keep the optometric owner at the center of the structure.





“We are guided by our commitment to patient experience and common infrastructure across the VSP Ventures network,” she said. “These areas of focus will continue to guide our investment priorities. Doctors interested in selling their practice will find that VSP Ventures not only provides a highly competitive offer, but also an enjoyable workplace to continue practicing post-sale. We’re proud to offer selling doctors at-will employment versus lengthy employment contracts because we’re confident in the model and work environment we’ve created.” ■

—By Daniel Breeman, Marge Axelrad and Anne Cooper

myeyedr.
OD
WE SHARE YOUR VISION

FOCUS ON **PATIENT CARE,**
WE’LL FOCUS ON THE REST.

Let’s build the future
of optometry together.

-  Own Your Exam Lane
-  Full-Scope Optometry Practice
-  Best-In-Class Patient Experience
-  Trust in 20+ Years of Partnering Experience





As the Population Ages, the Need for Vision Care Heightens

Continued from page 16

standpoint, how rising interest rates affect the cost and availability of capital, which in the near future could dampen the pace and number of private equity transactions, slow investment in practices, and affect how sales are structured.

He also noted a trend in which investors and buyers are prioritizing transactions with practices that are in geographic proximity to existing locations, are move-in ready, and that also align with existing, tried-and-true strategies. These preferences, he said, have led to a decrease in the volume of practice transition deals.

Notable industry expert Chris Harris, managing partner at FFL Partners, leads health care services investment activities and has been active in the eyecare space for several years. He echoed Huré's observations regarding the industry's continued growth potential and the impact the U.S. economy has had, and will have, on the buying and selling of practices.

He observed that interest rates, inflation, consumer sentiment and recession risk are more volatile now compared with five years ago, which impacts private equity transactions, and likely means that investors will look to generate higher returns to compensate for the increased risk.

"Vision is at the intersection of health care and retail," he said. "It plays a critical role in our health care system, and I think that its importance will only grow over time. A lot of people underestimate the importance of optometry from a population health perspective: every day, optometrists are uncovering life-threatening diseases for patients. They are unsung heroes in this industry.

"Deal volume has slowed down quite dramatically, as some of the consolidators have taken a

step back to integrate the acquisitions completed in 2021 and 2022," he said. "I expect deal volume will start to pick up in 2024, especially the second half. I don't think the criteria have changed, but I do believe there will be more deal activity in 2024 than there was in 2023. From a business perspective, the industry has experienced steady growth over a very long period of time, and I would expect that to continue in the next 2 to 3 years."

Kavanagh Consulting's Anne Kavanagh, CEO and managing member, and Jason Preator, CPA and managing partner, who have represented doctors/owners across several hundred transactions and whose clients span the vision care industry, shared similar sentiments around the cooling trends in deal volume over the past year. Similar to Huré and Harris, Kavanagh also pointed to the impact of higher interest rates and broader economic and geopolitical uncertainties, while also calling out tightened debt markets. Preator, while echoing that deal-making has cooled, shared this perspective:

"Doctors should know that PE market consolidations typically have a somewhat limited duration, and eventually private equity interest will shift to other markets," he said. "The transaction activity peaked in 2021, and, depending on the geographic area of the practice, there may be limited to no interest from the consolidators.

"As a result, doctors must be aware that the most favorable market conditions may have passed, and if they were 'trying to time the market,' then they have likely missed the best valuation and options," he added. "Great partnerships and valuations can still be found, but the window has closed and is closing in some areas."

Kavanagh pointed to the high-profile failures of Silicon Valley Bank, Signature Bank and First Republic Bank in 2023 as precipitating a "mini banking crisis" that led to pullbacks in lending and an increased cost of financing. Additionally, she noted, uncertain geopolitical and macro environments in the past year, as well as rising interest rates, have also con-

tributed to a slowdown in private equity consolidations as well as greater selectivity when identifying practices for acquisition, with a more stringent focus on size, multiple optometrists, location volume, and consistent revenue growth and profitability.

Although 2023 was challenging from these standpoints, both Kavanagh and Preator noted the continued attractiveness of the optical industry for investors. They attribute this to expectations for continued growth, fueled by both an aging population as well as availability of vision care coverage, and demonstrated, promising resiliency despite rising interest rates and declining economic trends. With that in mind, private equity momentum is starting to pick up



Anne Kavanagh

in 2024, they said, but perhaps with a more cautious approach.

"The start of 2024 is encouraging, with stabilization of interest rates and a more stable macro environment," Kavanagh said. "In addition, several private equity consolidators are looking to exit this year either through an IPO [initial public offering] or M&A [merger and acquisition] transaction. The buyers/consolidators will be more disciplined, i.e., targets, price, geography, etc., and will be looking to acquire healthy practices, not turnarounds, in the current environment."

"We have seen an increase in overall deal interest and activity, but there is a level of cautious optimism from the consolidators," Preator added. "As a result, the consolidators are not looking for 'projects' among partnership opportunities, so a practice owner needs to have dealt with uncertainty in staffing, changing locations, or other practice modifications deemed as necessary before considering a potential partnership opportunity." ■



Chris Harris