DSO Mania - The End of an Era? - Brannon Moncrief: Ep #450

Full Episode Transcript

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Dr. David Phelps

Dentist Freedom Blueprint with Dr. David Phelps

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Welcome to the Dentist Freedom Blueprint, a podcast about freedom—freedom from expectations of society and the traditional path to success that has been ingrained in us from our early years, I'm joined by mavericks, renegades, and non-conformers to discuss an anti-traditional path to financial freedom, freedom of time, relationships, health, and ultimately freedom of purpose. My name is Dr. David Phelps. Let's get started.

David Phelps: Good day everyone, this is Dr. David Phelps of the Freedom Founders Community and the Dentist Freedom Blueprint Podcast.

Today, I've got back with me, one of my favorites and I think one of yours too, because he brings so much relevance to our space in dentistry, and particularly as to a lot of the movement in practice transitions today. And that is Mr. Brannon Moncrieff.

Brannon, great to have you back.

Brannon Moncrief: Hey, David, good to see you. Thanks for having me.

David Phelps: So, Brannon, a lot of people know of you, but there's always going to be some that don't, and so it's always relevant to just give a little bit of your background. I know for a fact that you graduated from Texas A&M several decades ago.

And you evolved from your training and your background and your degrees into the world of finance, which got into dental lending early on, and you did that for about a decade, and then you moved into the seller side representation of practice transitions took over and own and run the McLerran & Associates Group, Transition Practice Broker Group out of Boston, Texas.

So, that's my overtake, fill in any gaps there that might be beneficial to our audience.

Brannon Moncrief: Well, I think you got it. I've spent my whole career in dentistry, in the M&A side of dentistry. Got a decade as a dental lender in the past 12 years as a broker, sell side advisor for both doctor-to-doctor practice transitions, as well as more recently, over the past five years, leading our team that handles large practice sales to DSOs and private equity.

But most of our team sits in Austin. We have an office in San Diego on the west coast. We have an office in Atlanta on the east coast and yeah, I live in Austin. I have two young daughters, seven and three. So, I spend the little free time I have chasing them around.

David Phelps: Well, it's busy for you in all respects. Personal life, business life and great job that you do, you're very prominent in the space. And I say that with all respect.

In any kind of business transactions, financial markets, we, people are in the business realm and doing transactions or wanting to do transactions, it's more and more important today than ever, I believe. And I think you'll back this to have really competent advice, maybe not just from one person, but we need a team.

And I think you help make sure people have a team to navigate the different opportunities and challenges that one might go through in figuring out what we're talking about today here. And that's kind of the transition marketplace.

So, you mentioned that things kind of started to move toward larger practice sales and DSOs sales primarily in the last five years. That's kind of what I've seen, even though private equity/if you want to call it DSOs have been around for actually a couple decades.

But on very much lower level we've seen this rapid rise, and we'll talk about that in a minute in the last five years particularly.

I'm curious, let's go back maybe three years ago. So, let's go back a little bit before COVID maybe 2019, what was the ratio, if you can remember or give us a rough guess, ratio of dental practice private sales versus going to a DSO route? What was kind of the ratio generally? What was the blend back then?

Brannon Moncrief: I'd say back pre COVID, the traditional practice sale doctor-to-doctor was still the most prevalent model, but the DSO, private equity world was definitely picking up steam going into COVID.

With the research I've done, there were about 150 to 200 DSOs pre COVID. And now, we've got 4 to 500 DSOs operating nationwide. It's hard to say what that means as far as size goes.

Being a DSO is simply a legal distinction. It means typically that you have a non-practice owner involved or a management company involved. So, that could be as small as one location or as large as 1500 locations.

It's definitely grown and we're seeing more and more DSO transactions, more and more doctors calling saying, “Hey, I'm interested in selling to private equity or affiliating with the DSO.” As opposed to five years ago those calls were few and far between.

David Phelps: What was … you say the ratio is today, this summer, private to DSO sales?

Brannon Moncrief: For our company, as far as number of transactions, it's about EBIT. A lot of that is by default. A lot of practices collect less than a million and don't have a lot of EBITDAS, so they're non acquisition targets for DSOs.

What I can tell you is, I mean, both sides of the market are healthy. We have healthy sales; we have healthy demand on both sides of that equation as well.

David Phelps: So, what do you think has been some of the primary drivers for the DSO backed by private equity to have this multiplying effect, as you said, in the last five years, from a little bit pre COVID to the great surge that we've seen in just the last year, year and a half since kind of post COVID?

Brannon Moncrief: Well, back on the buy side first. So, I mean, private equity was heavily interested in dentistry, pre COVID. Dentistry is a highly fragmented, very profitable industry that can benefit from organization, consolidation, leveraging economies of scale, both with vendors and payers.

So, private equity was doing very well in the dental space in the 5 to 10 years leading up to COVID. All private equity knew about dental, and those that weren't in at the time COVID hit, were certainly interested. It was one of the hottest verticals in private equity going into COVID.

And then when dentistry rebounded so quickly as quickly, or more quickly than any other medical vertical that private equity was interested in, PE doubled down. We had a lot of DSOs turn on the green light.

Once practices opened back up, their banks were ready to lend, interest rates were low, and they began to acquire practices having an even faster clip than they did pre COVID.

And then a lot of private equity firms that were not yet in the dental space decided to make an investment by a platform and begin to grow. So, that's the primary reason that private equity loves dental, both pre COVID and especially post COVID.

On the sale side, we've got a lot of large group practices, whether they be multi-doctor or multi-site, that phenomenon is really something that's caught fire in the past decade.

Three, I'd say 2010, most practices, one, maybe two doctors. But now we have these mega practices all over the country, multi-site, multi-doctor, oftentimes multi-specialty practices that are worth far more in the private equity DSO world than they are in the private buyer world.

There aren't a lot of private buyers out there that can afford or have the confidence to buy a practice that does $5 million a year in revenue.

Whereas private equity DSOs absolutely love those practices because their size and caliber, they're generating a lot of EBITDAS, a lot of passive cash flow, if you will, for the investor.

So, economically, it's become very compelling for large practice owners to at least consider going down the DSO road because of the massive delta between the private buyer valuation and the DSO valuation.

And then I'll also say, DSOs for the most part have learned how to stay in their lane. They support the practice behind the veil from an administrative perspective. They're not patient facing, they don't rebrand the offices, they just help leverage economies of scale and help with the admin piece of the practice, which most doctors and staff members really don't enjoy doing those tasks on a daily basis anyways.

So, they've learned to stay out of the operatory, allow for clinical autonomy, allow for a lot of operational autonomy, and just support the practice in the background.

And then third, they've allowed the doctors to retain equity, role equity and participate in the arbitrage, the investment return that private equity is generating.

Whereas before five to seven years ago, most DSOs bought 100% of the practice. There was really no upside for the doctor, they had to stay on to fulfill their post-closing employment agreement. They had some type of earnout related to fulfilling that commitment, but there was no equity component.

So, that's been kind of a new iteration in the DSO world is allowing the doctors to invest alongside private equity and enjoy the upside there.

David Phelps: Let's just take that last piece. Why do you think that is, as part of equity, just being generous?

Brannon Moncrief: I don't think so. I think DSO 1.0, that version of DSOs, many of them didn't succeed. And that's because they treated doctors, founders as employees rather than partners. And doctor turnover, founder turnover is the Achilles heel of most DSOs.

So, if you want to build a sustainable company, it's best to treat doctors as partners and let them be vested in the business, whether at the local level or at the parent company level.

And the premise is that they're going to work harder, they're going to stay longer if they get to enjoy that upside. So, it's really about aligning incentives. It's not really about necessarily being generous but aligning incentives so that everybody does better long term.

David Phelps: So, when we talk about sales here, and my background, I come from real estate, but there's a lot in common here. Basically structures, the whole game.

And when I think about a sale in real estate, I typically think about, I have something that a buyer wants, a piece of real estate and we determine a price. And if we agree, they cut a check, I give them the keys, I'm gone. There are ways to do participations, but typically that's a sale.

There's other structures, again, going to real estate. There's lease options, leased owned, leased to buy. And to me that's more what I look at as the DSO structures where they write a check upfront, but not for the full "valuation."

And then we call it, you call it, the marketplace calls it our cool partnership, but it's a subordinated partnership as we know, the selling doctor takes a minority position in that cool partnership and is essentially like a leased-owned in real estate, is basically paying, in my opinion, for a great amount of that equity piece by staying on and paying rent. Give me your take.

Brannon Moncrief: I mean, there's always going to be some sort of equity component in these transactions. And the seller in some form or fashion's going to be tethered to the office or to the parent company for at least three to five years. It used to be two to three years, now it's three to five years.

So, I think to your point, doctors have to understand that if they're going to take some chips off the table, they're going to be selling a majority ownership interest in their practice, they're going to take a significant pay cut, they're going to lose or give up all the EBITDA of the practice.

If they enter into a holding company model where they sell 100% of the practice to the DSO, and they have to evaluate what is the cash up front worth to them, what is the administrative support worth to them? What is the equity component worth to them? And what is the risk in that investment?

Because DSOs, private equity will tell you that it's essentially risk free. You know and I know that there's always risk in any type of investment. It's a calculated risk to some degree.

And I would say that in a … model, when you own stock at the parent company level, you don't have as much insight into the risk profile and the potential return on that investment as you do in a joint venture model where you actually own the equity at the practice level and your practice level EBITDA in a large way contributes to that value of that equity component.

So, you've got to evaluate what's your why. Why are you doing this? What does taking chips off the table mean to you? What does the admin support mean to you? How risk averse are you from an equity perspective? And then how are you going to fund your lifestyle needs along the way while you wait for that reward, that liquidity event, and that return at recap?

David Phelps: Great points. So, yeah, we know it's not risk-free at all. Nothing is, as you said, we both know because we're involved in our own respective perspectives in a lot of the dental media, the forums, the conferences.

So, I'm always interested because fortunately I get to deal with docs who many of them are on the exit path, and our piece is not transition brokering them. I need people like you to bring that to the table.

It's really what you just said, how do they take equity and actually put it to work in the best way possible to replace the active income they were producing off the equity that they just gave up.

So, we're in the same circles, and you and I have both seen, really for the first time in the last, really probably the last two months, I've seen a lot of channels talking about a lot of negativity, lots of disenchantment from people who had direct experience.

They're in the game, they made the deal, they made the partnership, and they're certainly outside lookers who are always taking one side or the other. It's all greater. I don't really look at those people.

It's like, who's actually in the game? You're in the game. You get to see inside baseball all the time. But I get somewhat of an inside look.

And we both know, and we were talking a little bit before we jumped on this conversation today, is that there are a number of private equity backed DSOs that are in different levels of trouble. Some have just blown up.

You mentioned rolling equity over into the shareholder company. Well, this is public, so I can speak of it, North American Dental Group. They're being sued by their minority shareholders. I emphasize shareholder and shareholders who can't even get the information they want. They have to go to litigation.

So, those shareholders are not happy at all. There's a number of others and again, we're not going to talk about the list but you have it more inherently than I do, number of who are missing and delaying recaps, promise recaps. What's happening?

Brannon Moncrief: I think it's important to just note that we're operating in a completely different environment than we were even a year ago, much less two years ago. And that's driven by interest rates doubling. And then the capital markets being extremely tight.

Banks are hesitant flint and they're scrutinizing the balance sheets and the P&Ls, not only of DSOs, but of all private equity backed companies.

So, I think it's important, a lot of people are talking about some of the trouble that is brewing from the DSO side of the space, but the reality is this is happening in real estate. It's happening in a lot of other medical verticals.

Anyone who was relying on borrowed funds to fuel the growth of their business is in some way under some sort of pressure or duress at the moment.

But there is definitely a delineation within the DSO marketplace, those that are in real trouble, like you named NADG, and those that are continuing to thrive and are going to accomplish their goals from a financial perspective.

They may not recap over the next 12 to 18 months, but they will certainly recap at some point in the near future with what we project as favorable returns.

David Phelps: Brannon, I just got to say, and this is all due respect. I'm looking at the real estate markets. How can we guarantee they're going to recap at a certain number? How can you or I say that?

Because I talk to my people all the time, there's no guarantees, especially in the commercial space, which is very similar to private equity. It's short-term money, which as you said, has more than doubled in the cost of capital. And there is heavy headwinds in the commercial real estate space.

And there's this lag effect. We both know there's a lag effect. What's been going up? The rates, the fastest rate rise we've seen in history from zero federal funds rate to five and a quarter, five and a half, that's the fastest rise in history. And there's a lag effect. It's like a minimum of a year, two years, three years.

So, I don't have, in the real estate space, I'll let you go back and speak to the private equity DSO space, but real estate space, I got no confidence that short-term money, even very good operators who are probably over leveraged, and let's face it, DSO is private equity, highly leveraged, how they're going to make it through with any kind of promises of the backend “profits” that were promised in real estate.

So, I'll let you jump back into your space and give me why you feel so confident that they're going to get there, even if it takes longer than 18 months.

Brannon Moncrief: The truth is that nobody knows. Nobody knows how long it's going to take. Nobody knows when interest rates are going to cool off.

Hopefully, inflation has cooled off. It's going to be really fascinating to watch what happens with interest rates entering into an election year where the current administration is not going to want us to go into a deep recession at the time of election. But a lot of this is out of their control.

I'm confident in the sense that there are some DSOs that are fantastic operators. That were built for long-term sustainability and are turning a significant profit at the corporate level and can absorb these interest rates.

They have plenty of cash flow to survive, hopefully, what will be somewhat of a short-term interruption.

Now, obviously if it's prolonged and we're talking 24, 36, 48 months of sky-high interest rates, comparatively speaking to where we were a couple of years ago, and constrained capital markets, everybody's going to be under a massive amount of pressure.

So, when we talk about these macroeconomic impacts, they're not isolated to dentistry or private equity.

David Phelps: No, not at all.

Brannon Moncrief: So, anytime we're gauging risk reward and looking at investments, I think it's important to understand that yes, it does impact private equity potentially, exponentially more than it does other types of investors because of the short-term debt nature and the three to five-year recap cycle.

But it's going to be challenging across the board and it's eventually going to impact stocks as well. So, I'm confident in a handful of DSOs that we do business with on a regular basis that we trust and know are strong operators and know that they're not over levered.

I'm confident that there's going to be DSOs fail or be absorbed by these strong operators that have a good balance sheet and ample capital. But the real answer is nobody knows.

We don't know how long this environment is going to last and what the long-term impacts are going to look like.

And I definitely agree with you in the fact that it takes a year, sometimes two years for these macroeconomic events at their inception to actually play out and bleed across the broader marketplace.

So, we're just starting to feel the impacts of the constrained capital markets and the interest rate environment that we're in.

David Phelps: Yeah, no, I think we're definitely on the same page. And you're right, I'm not pointing a finger at private equity and DSOs, you're right, it's the entire realm is all affected to different degrees.

So, again, I'm not going to use my basis of what I've learned and continue to learn in the real estate markets, but I want to play it back to you because again, you're a trusted advisor. You're a resource for many, many people.

When I look at real estate today, I'm much more as I know you are judicious in looking behind the curtains, under the covers of the entities, the operators in this case in real estate, who have had a good track record for the last maybe 7, 8, 9, 10 years, they've been really, really good.

And we do, we've done many investments with them, and so far, they've been good people. But there's even some of these “good people” who have been good operators prior to the rise in capital who are hitting headwinds right now as we would expect some people.

So, for me to really know other than just, “Well, this operator's been good, but how do I know?” Well, you just mentioned financials, balance sheet, cashflow statement, P&Ls. We are digging in super deep in that arena like we haven't done before. What do you do on behalf of your clients? How much vetting can you do?

Because you said there's 400 and to 500 right now, or do you just call it down to a certain number? And if somebody wants to come to you for consideration, Brannon, as a transition broker or seller side based, and say, “Hey, we'd like consideration,” what kind of a team bandwidth and how deep do you go and how recent of financials do you look at?

Because these things are changing as you know, every month, every quarter things are massively changing. So, how do you and your team keep up with that? That's what I would not want to know if I was in the space wanting to say, “Okay, who's good, who's not good, who's in trouble? Who's a good operator?”

Brannon Moncrief: It’s extremely challenging. I'll be completely transparent about that. Even if you're able to get ahold of the balance sheet and the P&L making sense of it's going to be a formidable challenge.

David Phelps: Well, you said even if you can or why can't you … not you personally, but why can't we?

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Brannon Moncrief: Private equity is relatively guarded about releasing financials.

David Phelps: Wonder why.

Brannon Moncrief: Your guess is s good as mine. But I think we know why. I think we definitely need to ask, “Can I see the balance sheet? How leveraged are you? Well, who do you bank with?” You need to do research on the private equity firm as well.

And how long have they been around? How successful have they been in other medical verticals, how successful have they been in dental? But you also have to evaluate the fact that we're operating in a completely different set of circumstances than we were previous to the past decade.

So, we will partner with the doctor's accountant a lot of the time, request financials from the DSO, get as much information as we possibly can and get as granular as we can, put our heads together and try to make sense of it and figure out if they are well capitalized and if they're built to be sustainable and survive this next 12 to 24 months.

But it's not easy. I'm not going to act like it's easy. I will say in some regard, we bet on the people and the pedigree of the people behind these DSOs.

When you interact with all of these DSOs on a daily basis, and we say there's 4 to 500, we only work with about 40 to 50 on a regular basis that we know, that we trust. We feel like they have a good deal structure, sustainability long-term from that perspective. They buy good assets, they have well-qualified management teams, and they have real infrastructure. Those are the things that we often evaluate.

It's relatively easy for us to tell from conversation to conversation which DSOs are built in a way that they intend to be successful long-term. And then those that are more like a consolidate and flip model.

It's black and white when you're talking to their management teams, their business development teams on a daily basis. But from a granular financial perspective, it is very difficult to tell them apart.

David Phelps: I don't know if you caught this, but this was something from the Financial Times just last month. Apollo Global Management, one of the larger private equity firms, the CEO, Marc Rowan was stating this.

He says, “A lucrative age for private equity buyouts has ended, prompting an abrupt shift in the $4 trillion industry where returns will no longer be fueled by rising valuations.”

He says in the private equity business this year has really marked the end of an era. He says, a decade of money printing, fiscal stimulus, and as we both said, low interest rates has pulled forward, economic demand is in retreat.

He was warning his investors, he said, “We face a period of lower growth.” Well, all this is built on growth, is it not? The lower growth, higher interest rates, which have raised the buyout industry's cost of borrowing to take companies, private equity groups enjoyed an extraordinary run of profitability in the past decade as low financing costs and buoyant financial markets made it easy to sell investments for a gain.

He says, private equity firms are going to be forced to go back to — listen to this, Brannon, go back to investing in the old-fashioned way, actually value. And it should not just consolidation flip, which again, it's happened all across the real estate space.

I mean, that's all we've seen until recently, until the consolidation flip or what I call financial engineering is no longer a game. He says they'll actually have to be very good investors. He goes on and just talks about some of the other aspects, I think.

And the last thing he said, and I'll stop. He says he warned against overconfidence in what many have dubbed a golden age for private debt, saying that financial literacy has actually gotten quite sloppy.

So, obviously, I don't know that Apollo may have arms in DSL. I'm not saying they do or don't, I'm just saying that's actually the private equity firm which made the news, well, it didn't actually make the news.

It was actually the company they bought and raided, which was Yellow Freight, a hundred-year-old company, which a lot of people heard in the news a month or so ago, bankrupt, a hundred-year company. Apollo was the private equity firm that did business with them.

So, if we go back and look at the rise of private equity over really the last 80 years, I mean, it started in 1946 and really didn't start going private equity until late 70s.

ERISA changed and then all of a sudden, we had what was termed then the corporate raiders of the eighties, Carl Icahn. I mean, most people can at least know that name.

And that's where really, the runup started and where private equity started to make its gains and it's gone through boom bust periods, just like the rest of the markets have. And so, I think Rowan, just from a high level is saying, be very careful. And that's what you're saying, that's what you're saying.

And I just think as you do, I'm an advocate for our people and I want them to be careful because I just think we're a very late cycle across the board, and it's a mania.

Here, we've got docs who've worked their whole life for many, many years to build up an operational efficiency in a business, and they have equity that they have nurtured along the way.

And the lure of, “Ah, I can get this big multiple. Well, is it a sale? Nope, it's a buyout.” You get so much upfront, and the rest is back ended. Keep your fingers crossed. Good luck.

So, if I could say this, and I'll be quiet, if somebody can get on the front end, it's typically around 60% today. It's no longer 100%, it's no longer 80. They've just been dropping it down, de-risking their platform, by the way, and putting more risk on the seller.

So, if you can get the 60%, if that's still what it is, without claw backs, where you could actually do a walk away with your 60 if you wanted to, or you could stay on the back end and run out your three to five-year contract.

And if that works, icing on the cake, if you can get 60% and feel good, is there anything wrong with that or am I looking at it the wrong way?

Brannon Moncrief: Well, I certainly don't think there's anything wrong with that. If you can get 60 to 70% cash at close, and that's enough for you to fund your nest egg and you would be able to sleep at night if the rest of the investment evaporated. I hope it doesn't, but it's certainly possible, especially in the environment that we're in, then yeah.

I mean, it's worth considering, it's worth taking a look at. I don't think all DSOs are going to fail. I don't think all private equity backed companies across all the different verticals that they've been investing in for the past 20, 30 years are going to fail.

But there's no doubt there is more blood in the water, there's more risk than there's ever been in the marketplace. I don't disagree with anything that that article said. I think that from a DSO perspective, you've got to scrutinize the opportunities more than ever.

You've got to be a good investor, not just an investor. And you've got to focus on organic growth. How do you make the companies that you buy better? How do you grow the practices that you partner with?

And finally, almost every DSO is focused on actually operating the assets they're acquiring and organic growth, because it's a huge talking point more and more so as banks look at who they're going to lend to, and as institutional investors look at who they're going to buy.

So, all of those things I think are critical and we'll see which DSOs, it's too little too late. If they've just been in the business of acquiring every asset that came across their desk with no intention of operating them long-term, they are, or they're going to be in trouble.

But we warn all of our clients that there is risk in these transactions. And I always cringe when DSOs private equity, they put an offer in front of a doctor and it shows that they're going to get 10 or 20 X return on their equity, their practice that does $2 million a year in revenue and $400,000 in EBITDA is going to be worth $40 million over the course of the next 20 years.

We're conservative in the sense that we normally factor in one conservative recap. If you're going to make a decision about selling your practice, we're going to look at the no sales scenario and then sell it to a private buyer at some point down the road, maybe five, seven years from now, versus selling to a DSO, taking a 60 to 70% cash at close and hitting one successful recap at a modest return, typically around a three-X return on equity.

But the days of DSOs generating 5 to 10 X return on equity those days, if the environment we're in right now perpetuates for the next 24 to 36 months, those days are over, at least for now, we're going to enter a period of time where returns are somewhat muted, and doctors need to be prepared for that.

If you're being promised a seven-X return on your equity or a 30-X return on your equity over the course of 20 years, you cannot make a decision predicated upon viewing this from that long of a perspective.

So, we normally say, if the decision is solely economic, we look at it on a five-year window comparative to not selling.

If it's longer than that, if the window stretches 7 years, 10 years, 15 years from a pure economic perspective, not selling your practice, hanging onto it, continuing to reap the rewards of that EBITDA on an annual basis, and then selling it to a private buyer in a more traditional sense down the road or even gifting it to your associates, you're going to win comparative to selling to a DSO unless multiple recap events happen, which is a farfetched conclusion.

Could happen. It has happened in the past, but the past 10 years are not necessarily indicative of what's going to happen over the next 10 years.

One point I want to make, David, we didn't get involved in this marketplace in the DSO private equity side of the business to convince doctors to sell their practices to DSOs in private equity.

We built our company for 30 years on doing traditional practice sales doctor-to-doctor practice sales, and we still do a ton of them. Actually, more than ever today.

We got involved because thousands of dentists every year were making the decision to sell their practices to DSOs without really thinking it through and without creating optionality, without creating a competitive environment, without really understanding what their EBITDA was or what their practices were, or what these deal structures actually mean. That's why we got involved.

So, there is risk involved in these deals, but the reality is a lot of dentists, irregardless of those risks, are choosing to go down the DSO private equity road. And we just want to make sure if they choose to do so, that they get the best possible outcome they can.

David Phelps: Well, I couldn't say any better than that, Brannon. I think you just put a great cap on this conversation today.

I always enjoy speaking with you and I do know you well enough to know that you do a deep dive, and you are looking at the different aspects of where the opportunities are and where the challenges are. And you are certainly aware probably more than most about the challenges of the environment.

So, as always, I appreciate the opportunity to converse with you and have the time to put some of the message out to our constituent colleagues in the space so that they can hopefully find the resources and get the advice that they need before they make a demonstrable decision, which definitely is going to be life changing, hopefully for the positive. Make the wrong one could be a negative, but we don't want that.

Brannon Moncrief: Thanks for having me, David. Always a pleasure talking with you.

David Phelps: Thanks Brannon.

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