

Dexcom: Where Should Stelo Begin?

Internal ID: S&F-STR-189

Topic: Customer Strategy, Pricing Strategy, Mergers & Acquisitions

Industry: Health Care Equipment

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Strategy case | Information cutoff: 25 July 2024

A cleared product, two different audiences

On July 25, 2024, Dexcom reported second-quarter revenue of \$1.004 billion, up 15% from a year earlier. U.S. revenue grew 19%. The company also reported several ongoing initiatives: expanding G7 connections to insulin pumps and smart watches, widening reimbursement access in one European market, and building its evidence base for people with type 2 diabetes (T2D) who do not use insulin. CEO Kevin Sayer said execution had not met the company's standards. Dexcom updated its 2024 revenue guidance to \$4.00-\$4.05 billion. [1]

In March, the FDA cleared Stelo, Dexcom's first over-the-counter (OTC) continuous glucose monitor (CGM). Dexcom said it planned to make Stelo available online in summer 2024. The public materials available by July 25 establish the clearance and planned timing; they do not establish that U.S. commercial availability had begun. [2, 3]

The clearance creates a strategic choice before the company. Stelo's indicated adult population includes people with T2D who do not use insulin and people without diabetes who want to understand how diet and exercise may affect glucose. These users may have different reasons to buy a sensor, different expectations for support, and different ways of interpreting its readings. The company must decide where to focus initial commercial attention and how to learn before scaling.

Dexcom's starting position

Dexcom had built a prescription CGM business in which clinicians and payors play important roles. Its 2023 Form 10-K describes a direct sales organization that calls on healthcare professionals, complemented by distributors. It says most customers rely on government or private insurance; reimbursement barriers, documentation requirements, coverage limits, and price pressure remain. [4]

OTC access changes the purchase route. It does not remove the need for users to understand the product, its limits, and when to consult a clinician. The FDA says Stelo is not for people with problematic hypoglycemia because it does not alert users to that potentially dangerous condition. The agency also says users should not make medical decisions based on the device output without talking to a healthcare provider. [2]

The competitive field was also changing. In June, Abbott announced FDA clearance for two OTC CGM systems: Lingo, positioned by Abbott for general wellness consumers, and Libre Rio, positioned for adults with T2D who do not use insulin. Abbott's release invited U.S. consumers to sign up for notice when Lingo became available; the public evidence reviewed for this case does not establish U.S. commercial availability for either product by the cutoff. [5, 6]

What the evidence can support

The FDA's decision establishes a permitted product indication and associated limits; it does not establish customer demand or commercial performance. Clinical research offers one relevant but bounded signal. In the IMMEDIATE randomized trial, 116 adults with inadequately controlled T2D using non-insulin therapies received either intermittently scanned CGM plus diabetes self-management education or education alone. Over 16 weeks, the combined intervention improved time in range and HbA1c relative to education alone. Because CGM was bundled with education, the study does not isolate the sensor's effect. It did not test Stelo or OTC purchasing. [7]

A U.S. academic-center study found CGM use documented for 12.7% of 30,585 adults seen for T2D in primary care or endocrinology in 2021. This was clinician-mediated use in one health system; it does not measure national use, willingness to pay, or demand among wellness consumers. [8]

These sources help distinguish possible user needs. They do not tell Dexcom which group will adopt Stelo, how often users will replace sensors, what support they will need, or whether Stelo will add to or substitute for prescription G7 use. The company has not publicly disclosed segment-level demand, customer acquisition costs, launch economics, or a segment-specific Stelo investment plan by this case's cutoff.

The choice

Dexcom's leaders must decide how to sequence the initial Stelo launch and where to direct commercial and educational attention. The options below are alternatives for discussion, not disclosed company plans.

1. **Lead with adults with T2D who do not use insulin.** Make this the primary audience for the initial proposition, with a plan to learn how users engage with glucose information and how OTC access fits alongside clinician-supported care.
2. **Lead with lifestyle and wellness consumers.** Position the product for adults seeking information about glucose patterns related to food and activity, with clear limits on what the readings mean and when clinical advice is needed.
3. **Stage a dual-audience introduction.** Test the two propositions separately, learn which audience understands and sustains use, then adjust investment and support based on evidence.

Each option has trade-offs. A diagnosed-patient focus is closest to the clinical evidence and Dexcom's existing care relationships, but could carry expectations for clinical guidance and overlap with prescription products. A wellness focus could reach people outside traditional reimbursement pathways, but the available clinical evidence does not establish health outcomes or sustained demand in generally healthy users. A staged approach could reduce reliance on assumptions, but would divide attention and may slow the development of either proposition.

Discussion questions

1. Which audience should anchor Stelo's first phase, and what evidence supports your choice?
2. What would need to be different in the product education and customer support for each audience?
3. How would you distinguish new category demand from substitution away from Dexcom's prescription products?
4. What early evidence would justify expanding, holding, or changing the initial focus? Which measures should be evaluated separately for each audience?
5. What safety, comprehension, reimbursement, privacy, and execution questions should management resolve before committing to broader scale?

Selected sources

1. DexCom, Inc., Q2 2024 Form 8-K, Exhibit 99.1, filed 25 July 2024, lines 4-34 and 42-54; [SEC filing](#).
2. U.S. Food and Drug Administration, "FDA Clears First Over-the-Counter Continuous Glucose Monitor," 5 March 2024, especially paragraphs 3-5; [FDA release](#). FDA Stelo 510(k) K234070, decision 5 March 2024; [device record](#).
3. Dexcom, "Stelo by Dexcom First Glucose Biosensor Cleared by FDA as Over-the-Counter," 5 March 2024, product and availability statements; [company release](#).
4. DexCom, Inc., 2023 Form 10-K, filed 8 February 2024, "Global Presence" and "Risks Related to Pricing and Reimbursement," printed pp. 25-27; [SEC filing](#).
5. Abbott, "Abbott Receives U.S. FDA Clearance for Two New Over-the-Counter Continuous Glucose Monitoring Systems," 10 June 2024; [company release](#).
6. FDA device records: Lingo, K233655, decision 29 May 2024; [record](#). Libre Rio, K233861, decision 7 June 2024; [record](#).
7. Aronson R, Brown RE, Chu L, et al. "Impact of flash glucose Monitoring in pEople with type 2 Diabetes Inadequately controlled with non-insulin Antihyperglycaemic ThErapy (IMMEDIATE): A randomized controlled trial." *Diabetes, Obesity and Metabolism* 25(4) (2023): 1024-1031. Methods §§2.1-2.4, pp. 1025-26; Table 2, pp. 1027-29. DOI: [10.1111/dom.14949](#).
8. Mayberry LS, Guy C, Hendrickson CD, McCoy AB, Elasy T. "Rates and Correlates of Uptake of Continuous Glucose Monitors Among Adults with Type 2 Diabetes in Primary Care and Endocrinology Settings." *Journal of General Internal Medicine* 38 (2023): 2546-2552. Abstract and indexed excerpts; [PubMed](#).