Innovation Diffusion Analysis: Dexcom Stelo

1. Introduction

Dexcom Stelo is an over-the-counter continuous glucose monitoring (CGM) system designed for individuals with Type 2 diabetes who are not on insulin. Unlike previous Dexcom G-series (G5, G6, and G7) devices, which required a prescription, Stelo increases accessibility and expands the potential market. This report applies the **Bass Diffusion Model** to predict the adoption rate of Dexcom Stelo.

2. Historical Innovation Analysis

A comparable past innovation is the **Dexcom G-Series** (G5, G6, G7), which was primarily used for diabetes management with insulin integration. The **adoption curve of the G-Series** provides a basis for estimating Dexcom Stelo's diffusion.

3. Data Sources & Market Insights

- **Dexcom Revenue (2019-2023)**: Historical revenue data for estimating Bass parameters.
- **Global Diabetes Care Market Revenue (2016-2029)**: Used to approximate market potential.
- **Dexcom Market Share (Estimated ~25%)**: Applied to segment the relevant portion of the diabetes device market.
- **Fermi's Estimation for Market Size**:
  - U.S. population: ~330M
  - People with diabetes: ~38M
  - Type 2 diabetics (~90% of total): ~34M
  - Non-insulin-dependent Type 2 diabetics (~70% of Type 2): ~24M
  - Estimated adoption rate (~30% of non-insulin users) $\rightarrow$ **Market potential (M) = 7.2M adopters**

4. Estimation of Bass Model Parameters

Using the historical **Dexcom revenue data**, we estimated the **Bass Model parameters**:

- **p (Innovation Rate)**: ~0.235
- **q (Imitation Rate)**: ~0.235 (adjusted for positive imitation effect)
- **M (Market Potential in Users)**: ~7.2 million adopters (Fermi estimation)

5. Predicted Diffusion of Dexcom Stelo (2024-2035)

Applying the Bass Model, we forecasted yearly adoption figures for **Dexcom Stelo in the U.S. market**. The model predicts an initial **slow adoption phase (2024-2026)**, followed by **accelerated growth (2027-2031)**, and **eventual market saturation (~2035)**.

6. Conclusion & Recommendations

- **Dexcom Stelo is likely to follow an S-curve adoption trend**, with rapid adoption post-2026.
- **Wider accessibility and OTC status will drive higher early adoption** compared to the G-Series.
- **Insurance and Medicare coverage expansions could further boost adoption rates**.
- Future research should consider **global expansion models** beyond the U.S.

This study provides a **data-backed forecast for Dexcom Stelo adoption**, supporting strategic decision-making for stakeholders.