



MEMORANDUM

Dexcom and Google collaborate to develop next-gen smaller, less expensive CGM and improved data, with first commercialization in 2-3 years - August 11, 2015

Executive Highlights

- Dexcom [announced](#) a collaboration with Google's Life Sciences team to develop next-generation CGM products. The vision is a flexible, low-cost, bandage-like, disposable CGM sensor/transmitter the size of a dime worn on the body for 10-14 days. The goal is for Dexcom to commercialize the first product in 2-3 years, with a follow-on product to be commercialized within five years.
- The deal gives Dexcom access to Google's serious R&D capabilities and a clear product improvement pathway to expand beyond intensively managed type 1s and into type 2 diabetes, the hospital, and gestational diabetes. The partnership will not affect the near-term pipeline: Gen 5 (launch expected this year) and Gen 6 (launch expected in 2017).

In a [24-minute call](#) this morning led by CEO Kevin Sayer, Dexcom [announced](#) a major collaboration with Google's Life Sciences team to develop next-generation CGM products that are smaller, less expensive, and disposable. The vision is a flexible, low-cost, bandage-like, disposable CGM sensor/transmitter the size of a dime worn on the body for 10-14 days - the partnership leverages Dexcom's expertise in sensors/algorithms with Google's capabilities in miniaturizing electronics and data analytics. The goal is for Dexcom to commercialize the first product in 2-3 years, with a follow-on product to be commercialized within five years. We assume the sensor would be factory calibrated, but it was not specified.

The deal gives Dexcom access to Google's series R&D capabilities and a clear product improvement pathway to expand beyond intensively managed type 1s and into type 2 diabetes, the hospital, and gestational diabetes. The partnership will not affect Dexcom's near-term pipeline: Gen 5 (launch expected this year), Gen 6 (launch expected in 2017), or a new insertion system (before or after Gen 6). Another big goal of the partnership is to leverage CGM data to offer improved analytics - with over one billion users on five different products (Google search, YouTube, Android, Chrome, and Google Maps), Google's brings incredible experience there.

Dexcom is responsible for commercialization and retains all sales and distribution rights for the products developed under this agreement. Dexcom gets an exclusive license to use certain Google intellectual property related to these products; management said the "primary use" of Google's IP is in the transmitter. The financial terms are as follows: Dexcom will pay Google a \$35 million upfront payment (via Dexcom stock), \$65 million milestone payments (cash or stock), and royalties once annual product sales exceed \$750 million (mid/high single digits). Often, deals like this would have Google investing in Dexcom, though we assume the driving factor in this structure - Dexcom paying Google - emerged because Dexcom is retaining all sales and commercialization rights. Overall, we see the deal terms as favorable to both Dexcom (rapid product improvement, back loaded \$) and Google (low financial risk, high upside).

The news is a major victory for CEO Kevin Sayer and the Dexcom team, who remain laser focused on building great sensors and partnering to make them more useful and widely adopted. We love that Dexcom had the humility to say, "We cannot do this on our own," particularly since so much of improving CGM will now come down to hardware/electronics, miniaturization, and making the data more useful. More details below, including what this partnership means from a competitive dynamics point-of-view, what the dQ&A patient panel says are the main barriers to CGM use, and a stimulating Q&A.

Table of Contents

Executive Highlights

1. Partnership Goals

2. Respective Partnership Advantages for Dexcom and Google

3. Partnership Deal Terms

4. Barriers to CGM Use in the dQ&A Patient Panel

5. What does today's news mean for glucose monitoring competitors?

Close Concerns Questions

Questions and Answers

1. Partnership Goals

- **The vision of this partnership is a flexible, bandage-sized, less expensive CGM sensor/transmitter (approximately the size of a dime) worn on the body for 10-14 days.** It was not specified, but we assume this sensor would be factory calibrated and not require any fingerstick calibrations. What we're even less sure of is what the insertion and sensor structure will look like - e.g., microneedles? A bandage form factor is incredibly exciting, though it will be interesting to see what choices are made on the design and sensor chemistry fronts to make this vision a reality.
- **The first product from this joint collaboration is expected to be commercialized by Dexcom in the next 2-3 years, and the second product could come in five years.** Management was adamant that this partnership does not affect Gen 5 or Gen 6 - those near-term pipeline opportunities are continuing as planned, with a launch of Gen 5 expected this year and a Gen 6 filing in early 2016 (with potential for a 2017 launch). Management also mentioned this does not affect the timing of a new insertion system; we caught a glimpse of that [at JPM in January](#), though it's unclear if that would launch before or after Gen 6.
 - **For now, it's not clear when the Dexcom/Google products will merge with Dexcom's existing CGM pipeline.** Analysts posited in Q&A that there might be two separate platforms - the Google/Dexcom product targeted at type 2s, and the existing Dexcom pipeline for type 1s. Management would not commit to that, noting that the jointly developed Dexcom/Google products will likely become the "primary platform" several years out. Certainly, every current Dexcom user would take a disposable, less expensive CGM the size of a dime! Of course, there may be design tradeoffs to enable the smaller on-body wear profile - e.g., less frequent CGM communication? Less specific data readout? No ability to dose insulin? Lots still up in the air about what this would look like, but no question it is exciting from a wearability and cost perspective.
 - **Dexcom does plan to incorporate Google technology nearer-term IF it can significantly make the upcoming products better and not unduly delay them.** An example is cloud-based data technologies, which management said can be "thrown into the mix at any point in time."
- **This collaboration also provides an opportunity to better utilize the data generated by CGM through improved software/analytics and apps.** Dexcom and Google are discussing "several future collaborations" on this front. No specifics were disclosed, though we assume this could take many forms - better real-time information (e.g., harnessing machine learning through Google Now), improved retrospective pattern recognition, improved integration with Google products (e.g., Android, YouTube), better user experience, combining data from other sources to stimulate behavior change (e.g., activity trackers, Google Shopping Express, Google Pay), etc. This is

where Google can bring tremendous consumer expertise, given its five (!) platforms each with over one billion users (Google search, YouTube, Android, Chrome, and Google Maps).

- **"We need a plan to get into type 2 and other markets. We believe this really starts to make that more concrete for us."** This was a recurring theme on the call - Dexcom management has clearly recognized that to continue growing at this rate and expanding the pie of patients on CGM, it has to dramatically improve the form factor and cost profile. The ultimate vision, said CEO Kevin Sayer, is to become the standard of care for all people living with diabetes - nice! Management said part of the impetus for this partnership partially came from use of Dexcom's CGM in type 2 drug studies. The continuous data offers drug companies a much more detailed look at what's happening, and Dexcom believes it can become a very key component in this area over time. We have long hoped for this, particularly as next-gen drugs may not improve A1c but do improve time-in-zone. We also assume the success of Abbott's FreeStyle Libre in Europe played an important role in this partnership, which was signed quite rapidly, as we understand it.
 - **This news builds off comments in [Dexcom's 2Q15 call](#) last week, which hinted at this partnership in broad strokes.** In a question on the outlook for CGM in five years, management envisioned a miniaturized sensor ("more like a bandage than a medical device") that would be fully disposable and factory calibrated. CEO Kevin Sayer said a minimum of 30% penetration in type 1 in the US is feasible in five years (similar to what pumps are at now).
- **"We're committed to developing new technologies that will help move health care from reactive to proactive," said Andrew Conrad, head of the life sciences team at Google in the announcement.** Indeed, Dexcom management even mentioned "prediabetes" and allowing healthcare providers and patients to "pick up the warning signs" earlier. Wouldn't it be amazing if anyone at risk for diabetes could pick up a Dexcom/Google CGM bandage at Walgreens for \$10 and get real-time CGM data and know their risk without waiting for a blood test? That is serious speculation on our part, but perhaps not so far fetched based on what we heard today.

2. Respective Partnership Advantages for Dexcom and Google

Advantages for Dexcom	Advantages for Google
Gains access to Google's electronics/hardware, data analytics, and consumer tech expertise faster than it could develop on own	Gain access to Dexcom's glucose sensor/algorithm expertise, plus Dexcom's diabetes and regulatory experience
Further expansion into type 1 and much further into type 2 diabetes, plus entry into hospital and gestational markets through lower-cost, improved CGM form factor Halo effect from working with Google	Further expansion into diabetes and healthcare, leveraging consumer tech experience
More R&D bandwidth and access to engineers to advance medium/long-term pipeline	Can leverage existing IP and experience in tech
More competitive product profile as Abbott's FreeStyle Libre comes to market, along with other potential competitors	Second glucose monitoring agreement following Novartis partnership for contact lens
Retains commercialization, sales, and distribution rights.	Major financial upside for Google with little downside risk

Gains exclusive access to certain Google intellectual property	
Reasonable deal terms that do not seem unduly burdensome financially	

3. Partnership Deal Terms

- **Notably, Dexcom is responsible for commercialization and retains all sales and distribution rights for the products developed under this agreement.** That means the company should be able to move in quick order once something is finalized. We assume Dexcom is also responsible for regulatory submissions and manufacturing.
- **The deal terms provide Dexcom with an *exclusive* license to use certain Google intellectual property related to development, manufacture, and commercialization of these products.** Dexcom does not get access to the contact lens work, which is a separate deal with Novartis. We're not sure how much overlap there will be, but we assume some as it relates to miniaturized radios and battery power.
 - **Management said the "primary use" of Google's IP is in the transmitter.** As a reminder, a key design choice that enabled Abbott's FreeStyle Libre to achieve a lower-cost profile, disposable design, and improved on-body factor stemmed from eliminating the continuous transmitter and switching to NFC. The current Dexcom transmitter definitely needs to get smaller to expand into the population of patients that say, "I don't want to wear that on my body!" Something the size of a bandage would be a compelling offering indeed.
- **The agreement allows Dexcom to pay milestones with stock upfront, and the royalties to Google are very back loaded - an advantage for Dexcom, as the first \$750 million in annual sales will be royalty free.** After that, royalties will be in the high-single digits and then declining to mid-single digits as sales increase - see specifics below. Still, Dexcom and Google clearly see this becoming a blockbuster product - management's one specific example of royalty percentages beyond \$750 million noted 6% royalties to Google when annual sales exceed *\$5 billion*. Whew! For context, Dexcom's 2015 sales are expected in the range of \$350-375 million, so this would be a notable uptick. Of course, Google's revenues in the *second quarter* were \$17.7 billion, so we're talking about a whole new level of scale here.
- **Often, deals like this would have Google investing in Dexcom, given the former's larger size.** We assume the driving factor in this structure - Dexcom paying Google - emerged because Dexcom is retaining all sales and commercialization rights.

Table 1: Financial Deal Terms

Upfront Payment to Google (Paid in shares of Dexcom stock)	\$35 million
Milestone Payments to Google (Paid on the achievement of unspecified development and regulatory objectives)	\$65 million Payable in cash or shares of Dexcom stock
Royalties Paid to Google Based on Annual Product Sales	\$0 to \$750 million = No Royalties \$750 million and up = High-single digits and then declining to mid-single digits

- **The agreement provides for joint steering, development, and commercialization committees to oversee and coordinate activities.** We see all of these joint committees as

exciting, given Google's expertise in iterating products quickly and scaling up services for billions of users.

- **We're not quite sure how the relative R&D contributions will shake out, though assume Google will bring a proportionately larger share to the table.** Management said it is only just starting to scope the R&D portion out with the Google Life Sciences Team, since the agreement was only finalized last night at 10 pm! Dexcom was frank in stating this collaboration is going to take more R&D and probably include some clinical trial costs.
- **In the event the collaboration does not go as planned, there are standard termination provisions in place (e.g., if annual net sales are less than a specified aggregate dollar amount)** - the fact that management mentioned this specific termination clause makes this partnership seem even more real in terms of bring a product to market. The agreement is also fully transferrable, which is important given [Google's new operating structure](#).
 - **We learned in a follow-up conversation with Google today that the Life Sciences team will indeed become an independent entity under the new Alphabet holding company (announced yesterday).** It will be led as it is today by Andy Conrad. As we noted [yesterday](#), this new holding company will contain a slimmed-down Google and a slew of Google's less related, more ambitious, "far afield" companies. The [letter](#) specifically mentions the Life Sciences division and the glucose-sensing contact lens. Each Alphabet business will have its own CEO, and Alphabet will "rigorously handle" capital allocation and work to make sure each independent business is executing well. Our early speculation is that this structure bodes well for the Life Sciences division, bringing more focus and leadership and ensuring that healthcare receives adequate prioritization among all the other things happening at Google. The fact that Google's [contact lens project](#) was mentioned is a very positive sign of Google's continued focus on healthcare broadly speaking and on diabetes in particular.

4. Barriers to CGM Use in the dQ&A Patient Panel

- **Below, we summarize the key barriers to getting on CGM as researched in the 1Q14 dQ&A Patient Panel.** These respondents were current non-users of CGM (MDI or pump) that were aware of CGM but not planning to use it. Overall, this Google/Dexcom partnership could address the top few barriers, which focus on wearability and cost. We assume device burden will be solved starting with Gen 5, which eliminates the need for the receiver.
 - **"What are the main reasons you do not currently use a CGM?"** For this question, please select up to three reasons why you do not currently use CGM from the list below.

Reasons	Type 1 Diabetes (n=487)	Type 2 Diabetes (n=446)
I do not want to have something (else) attached to my body most or all of the time	54%	39%
I think the out-of-pocket costs for a CGM and its supplies would be too high for me	45%	49%
I know or think my insurance will not provide coverage for a CGM and its supplies	45%	46%

I do not want to carry around a device (or another device) most or all of the time	34%	33%
I think using CGM would be too much hassle	28%	27%
My Doctor Will Not Prescribe CGM for Me	6%	9%
I do not want to be reminded about diabetes all the time	7%	8%
CGM would give me too much information: what I get from my blood glucose meter is enough to manage my blood glucose	6%	8%
Other	13%	10%

5. What does today's news mean for glucose monitoring competitors?

- Medtronic:** Dexcom has always been ahead of Medtronic's Enlite CGM in terms of on-body form factor and wearability, and this news continues that trend. We have not ever seen new Medtronic transmitter designs beyond the clamshell design currently available, though we assume the company is thinking about this. Of course, Medtronic has advanced faster than Dexcom on type 2 (e.g., [OpT2mise](#), creating a [type 2 business unit](#)), and more recently, on data through partnerships with [Samsung](#) and [IBM's Watson](#). Assuming the Google partnership comes to fruition on the type 2 and data analytics fronts, this could put the companies on more equal footing. The ultimate metric, of course, is what actually comes to market and when - for now, it's too early to know.
- Abbott:** Given the success of [Abbott's FreeStyle Libre in Europe](#), it's clear that patients value factory calibration, disposability, and a slimmer on-body profile. Ever since it launched last fall, we have expected Dexcom to move in this direction. The partnership with Google gives Dexcom more resources to build a competitive offerings relative to FreeStyle Libre, which could come to the US next year via the blinded Pro version ([submitted in 2Q15](#)). The timing of a real-time, consumer version of FreeStyle Libre is unknown. Though FreeStyle Libre has resonated with a type 1 crowd in Europe to start, Abbott is thinking about it along a broad patient spectrum, particularly in type 2 to help drive therapeutic change. We see this Google/Dexcom partnership along similar lines.
- Novartis:** The drug company licensed Google's smart contact lens technology [in July 2014](#), following its unveiling in [January 2014](#). According to a Novartis spokeswoman in a [WSJ article last month](#), the contact lens is still in the "very early stages of development" and "several years" from availability. If true, it sounds like this Dexcom/Google collaboration would come to market ahead of the lens. Google's lead on the contact lens project, Dr. Brian Otis, expressed confidence that the battery power challenges have been addressed. Overall, we're not quite sure how R&D learning from this Novartis lens project overlaps with the Dexcom/Google collaboration, if at all. Still, today's partnership could ultimately bring to market a very competitive product vs. a contact lens. Certainly, we assume a bandage would be less expensive to make than a glucose-sending contact lens, though that is speculation on our part.
- Sano Intelligence:** San Francisco-based startup Sano [expects a 2016 launch](#) of a consumer-facing, transdermal sensor patch for continuous glucose monitoring. Sano is planning to develop its first-gen product as a consumer-grade wearable. The company has been in stealth mode for some time - no clinical trials announced, little fanfare - so the accuracy, reliability, manufacturing, cost,

consumer-facing design approach (vs. a medical device), real-time data output, and consumer viability remain major question marks. We're not sure if the company will actually launch in 2016, and if so, how its offering will compare to what emerges from the Google/Dexcom partnership.

- **Implanted CGMs** (Senseonics, GlySens): Today's news represents a significant threat for any implanted CGM company, since a bandage-like on-body component can help address a key roadblock to CGM uptake ("I don't want to wear that") and makes the incremental advantage of an implant (you cannot see it!) quite a bit harder.

Close Concerns Questions

- Will this Dexcom/Google product be factory calibrated? Will it be approved for dosing insulin?
- Will this product give the same data as traditional CGMs in terms of real-time value every five minutes, trend arrow, retrospective download?
- Would this sensor be Bluetooth connected to a nearby phone?
- Does Dexcom intend to bring this product globally, starting with the US?
- What is the cost profile that Dexcom/Google see as necessary to bring the vision to reality - \$10 per sensor?
- Is Dexcom responsible for manufacturing?
- How will this partnership leverage any work on the contact lens? Or are those completely separate?
- Regarding the Share data, has Dexcom been surprised by how much hypoglycemia there is? Hyperglycemia? Very hyperglycemia? Overall variability?

Questions and Answers

Q: It sounds like the collaboration is primarily focused on transmitters and that the near-term pipeline is intact. Is it fair to say the next product that would launch would be a Gen 7 sensor? How does that accelerate development of Gen 6? How should we think about the cadence?

A: We're going to continue to focus on the current pipeline as we have it planned out now. We are not going to deviate, because we still need to serve that market. Our first product, as we talked about, will have to do with disposable configurations, but we're not going to talk about which sensor or algorithm that will be. We are exploring a bunch of options with Google as we speak. You will hear more about the cadence in future years. For right now, don't worry about Gen 6, Gen 7, or Gen 8. We'll continue with what we're doing with Gen 5 in the near-term and with Gen 6 to be filed in the not-too-distant future.

Q: Google comes with a big software/analytics component. How should we think about your ability to move the needle from a data standpoint?

A: We're really excited for that. We've started our analytics efforts, adding a senior executive in that area. We have also acknowledged that we can use some help in this area. We're getting millions and millions of data points with the Share system. We've haven't done a lot of analytics yet, but it's a great opportunity to develop new platforms and really learn what goes on in the lives of patients. It's a chance to broaden our product offerings and make the experience richer for our patients. We're very excited about the possibilities.

Q: Do you plan to incorporate Google's analytics and IP sooner into your products sooner than these two products here?

A: We're going to evaluate all the technology we have licensed and all of Google's capabilities as we go. The fact is that when we file a product, it takes six months at a minimum to get a PMA or PMA Supplement approved. We have a cadence of products planned. If we have an opportunity to incorporate Google technology that would significantly alter the course of a device and make it better, we will do that. As we move forward with cloud-based technologies, we can throw those into the mix at any point in time.

Q: Are you going to go with a much more attractive form factor for the broader diabetes population? Does that change your plans for the length of wear and what do this mean for the cost to the consumer?

A: We're still trying to allow patients to wear this thing as long as we can. We are shooting for a 10-day useful life with the Gen 6 sensor. We will look beyond that as long as the sensor can maintain its performance. So, that won't change. In terms of the cost components, we're focused on making this lower cost. We'll see how that drives reimbursement going forward. So that's kind of a wait and see.

Q: Can you talk about the technology contributions? There is a lot about data and analytics here, but what is Google bringing to table that you don't have and couldn't develop on your own? Is there anything here with an implantable product or the contact lens?

A: We're not moving rapidly towards an implantable product right now, although we could consider it in the future. What Google brings is that they are very, very good at miniaturizing components. That's what they do. They can get there and go there much faster than we can. They bring the know-how, the technology, the R&D resources, and the engineers to put behind this platform. If you think about what we do very, very well, we are very, very good at sensors; we are good at algorithms and making them accurate. We are very good at customer service and taking care of our patients. What Google is very good at is miniaturizing electronic components as they've demonstrated on a feasibility basis with the contact lens and certainly with their day-to-day business and data analytics. We think merging the two together creates a wonderful product offering. We evaluated the technology and looked at the opportunity. Like any group of engineers, we asked, "Could we do this ourselves?" We looked at it thoroughly. We think having a partner like Google accelerates us and gives us more access to technology faster than we could have had access on our own. That's why we did this. We really look at this as an opportunity to make things smaller, disposable, and accurate. We needed a plan to get into the type 2 market and other markets. We believe this really starts to make that more concrete for us. This gives us resources from an outside party to devote to some of these things while our core team is working on all the work they have today.

Q: How do you think about the addressable market beyond just sensors and beyond the type 1 population?

A: The revenue opportunity for us is much broader. We'll just stick with sensors. If you look at diagnosed type 2s in the US, it's in the tens of millions, which is much bigger than our type 1 market. We're not sure that non-insulin using patients should wear sensors 24 hours a day for an entire year, but we do see an opportunity for intermittent use, to diagnose diabetes, and to evaluate the effectiveness of compounds. One of the things that drove us in this decision and the reason we believe we can be effective in this market is that we've seen results of clinical trials of type 2 drugs when sensors are used as an outcome. We see and drug companies look at these and say, "Look what's happening here!" We think we can contribute a key component to therapy over time and help physicians and patients make good decisions not only from a therapy perspective but from an economic perspective. Let's make sure we're on the right compounds and spending the right money. You know, one of the questions we asked ourselves with Google's people is, "At what point in time does a type 2 patient switch onto insulin and why?" We don't know. But if we have a bunch of them on sensors and can track this, then we have an opportunity to pick up warning signs, see where patients are, and make better decisions. So those are the types of things we are contemplating.

Q: Can you talk about the conversations you're going to have with payers about this data?

A: We haven't spent a lot of time at the payer level yet. We just signed this agreement this morning. It's taken us a while to get payers where they are with the type 1 population. We're going to have to get trials done to show an economic benefit. But we're very confident that we'll be able to structure trials that will show an A1c reduction, will show a better use of compounds, and will show better treatment for patients. This is going to be a multi-year effort. It's not going to be one day. We've got to look out past the one to two year window and make sure we're positioned for the long-term. That's what this deal is all about.

Q: Could you sum up the features and benefits of a system for the type 2 population? What would make the optimal device in terms of the analytics, the wearability? How should we be thinking about that opportunity?

A: One of the key components of this deal is the opportunity to miniaturize the wearable components for our patients. If you think about something that is the size of a dime, that's a little thicker than a couple dimes stacked on top of each other, and that's flexible, that's what we envision with our second product as we look out. So it's something that's very small, that's very wearable, that nobody is going to see, and that patients can throw away. We can't see selling our current hardware configuration kit at an ASP of \$850 to a broad population who won't wear it every single day. It needs to be easy to use, small, disposable, and inexpensive. We're not going to charge people two or three hundred dollars for a two-week sensor session. We have to develop economics around that from an analytics perspective. Part of our challenge is figuring out exactly which data points to focus on. We'll be running studies and taking data to the cloud. As I said earlier on the call, we're now getting millions of data points a day from our type 1 population. I've learned some interesting things - not things that can revolutionize the business yet - but we're a lot more informed about our patients. Once we run bigger studies, I think we'll start developing the analytics platforms. It's going to be a while. We have ideas. They are early phase.

Q: Do you have an ASP per device that you feel you need to get under?

A: Not yet.

Q: Do you have access to some of the diabetes products that Google has been working on whether it's the contact lens or something else?

A: We don't have access to the contact lens. That's a separate deal. We do have an exclusive license to a lot of Google's technology within our field, such as continuous glucose monitoring and interstitial fluid. That's what we have access to right now.

Q: How much extra R&D do you think this will bring to the table over next few years? When will this start?

A: We're starting to scope that out. I don't have a firm number for you today. It is going to take more R&D as we think about clinical trials. We're going to go through with the Life Sciences team at Google and divide up tasks and assign dollars and head counts. I'm not ready to give a number today.

Q: Do you envision over the next three to five years having a two-tiered premium type 1 product and a more inexpensive type 2 product? Are you thinking about bringing the cost down for type 1s, but that product still being at a premium relative to the type 2 device?

A: We'll continue to evaluate that structure. Let me go back to my comments from my earning's call. We are focused initially on a disposable product that will address markets outside of the current type 1 population. Ultimately, we see these miniaturized electronics platforms merging into our core portfolio. If we get our type 1 patients on the line and we tell them we're going to offer type 2 patients something the size of a dime, but "we're still going to give you the big thing," that's not going to work. We intend to merge these technology platforms over time, but don't feel we can deviate from current plans. We're so far down the line in terms of documentation, quality, and clinical trials. Our new products are going to be delightful for patients compared to what is available right now anyways. As far as pricing and premiums, that could relate just as much to the analytics tools and management tools as it could to the sensor configurations. What we see is an opportunity to really change the landscape of diabetes care and offer a series of tools for monitoring across the board - from prediabetes to type 2s not on insulin to type 2s on insulin and then up to the intensive management of type 1 patients. We're looking out several years at developing a very, very large-scale diabetes platform. That's what we're looking at today.

Q: When you talk about a dime-sized disposable device, would that include the transmitter too? You're talking about an all-in-one, 10-14 day disposable system with the transmitter included?

A: That's absolutely what I'm talking about.

Concluding remarks: We want to thank everybody for getting up early and being on this call. I also want to acknowledge the effort by our internal team to get this deal done. We didn't finish up until after 10 PM last night, which is why we didn't the announcement out earlier. Our teams have worked very, very hard. This is a great day for Dexcom and this is a game-changing partnership. This is going to enable us to do the things we do really, really well and give us a partner who does other things really, really well and merge the technologies together and make a best-in-class products for patients across the board in diabetes. Thank you everybody. Have a nice day.

-- by Adam Brown, Varun Iyengar, and Kelly Close