



**2023
GILEAD SUPPLIER INCLUSION
U.S. ECONOMIC IMPACT REPORT**



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ECONOMIC IMPACT METHODOLOGY

The economic impact of a supply chain can be measured in many different ways. We follow a top-down approach by using a well-known and highly accurate model called Input-Output (I/O) model in calculating the impact of Gilead supply chain of small and diverse suppliers. An Input-Output model is a type of applied economic analysis that tracks the interdependence among various industries in an economy; it measures the relationship between a given set of demands for final goods and services, and the inputs required to satisfy those demands. This model is widely applied in the industry to calculate the supply chain ripple effects including direct, indirect and induced impacts.

Originally developed by Wassily Leontief at Harvard University using data from the U.S. Bureau of Labor Statistics, I/O models are utilized by both public and private institutions to perform economic impact analysis. We have teamed up with IMPLAN, a leading economic impact modeling software provider, to conduct accurate and in-depth analysis and deliver this report for Gilead.

TYPES OF IMPACT



DIRECT IMPACT
(GILEAD'S PURCHASES)

Gilead's supplier spend in each state with small and diverse suppliers



INDIRECT IMPACT
(SUPPLY CHAIN)

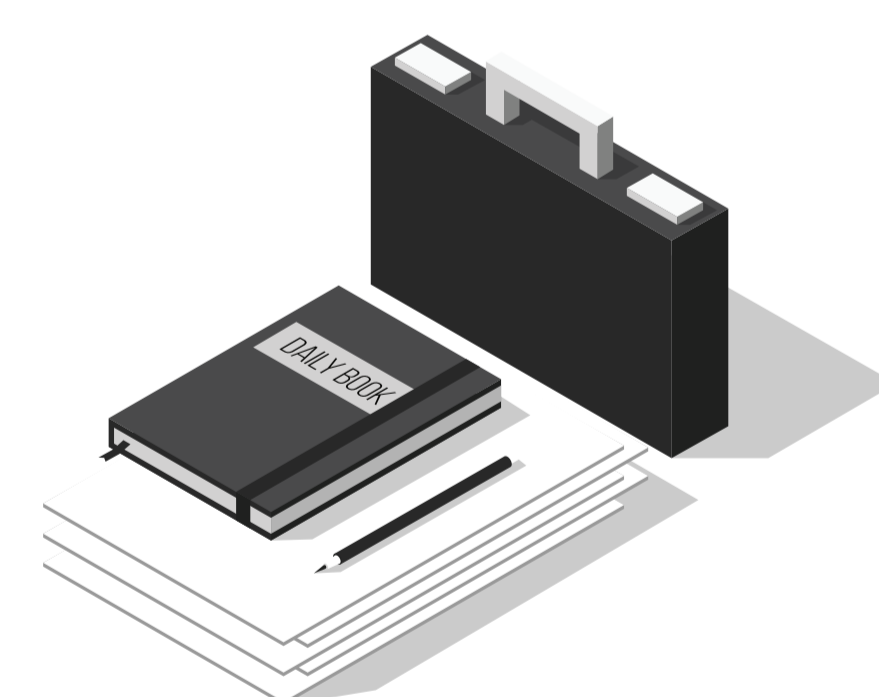
Gilead's purchase of intermediate inputs, tracked backward through the supply chain



INDUCED IMPACT
(COMMUNITY IMPACT)

Spending of wages supported by producing direct and indirect outputs

MEASURED AREAS OF IMPACT



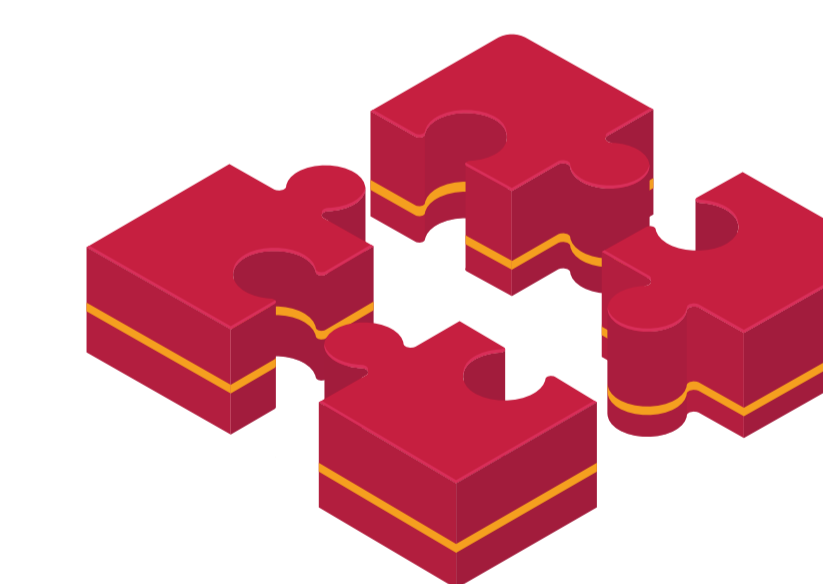
JOBS

This number represents the total full-time, part-time, and seasonal jobs supported by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



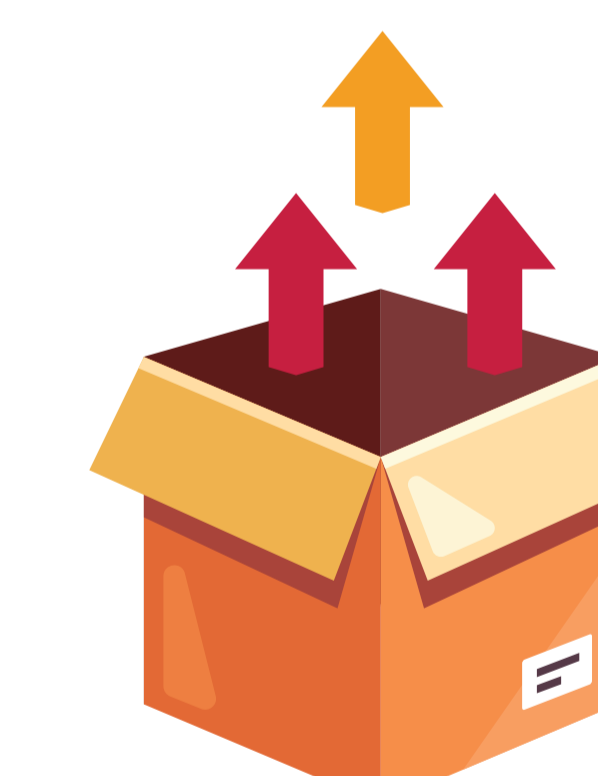
WAGES

This number represents the total value of wages, salaries and benefits supported by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



VALUE ADDED

This number represents the total GDP contributed by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



OUTPUT

This number represents the total production activities in the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.

ECONOMIC IMPACT QUANTIFIED



10,263

TOTAL JOBS SUPPORTED

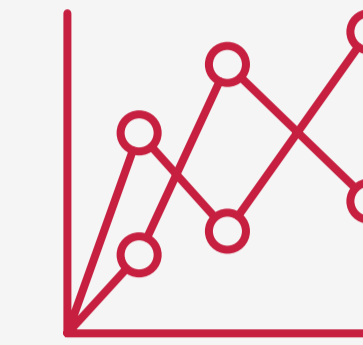
This number represents the total full-time, part-time, and seasonal jobs supported by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



\$ 695,507,489

TOTAL WAGES

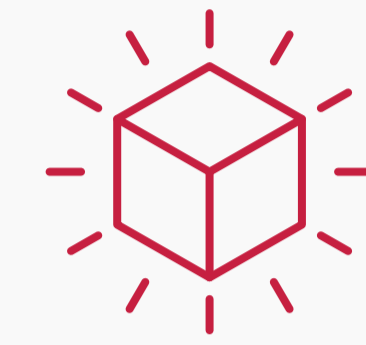
This number represents the total value of wages, salaries and benefits supported by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



\$ 1,219,060,699

TOTAL VALUE ADDED

This number represents the total GDP contributed by the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



\$ 2,163,370,100

TOTAL OUTPUT

This number represents the total value of goods and services produced to satisfy the Gilead supply chain of small and diverse suppliers through direct, indirect and induced impacts.



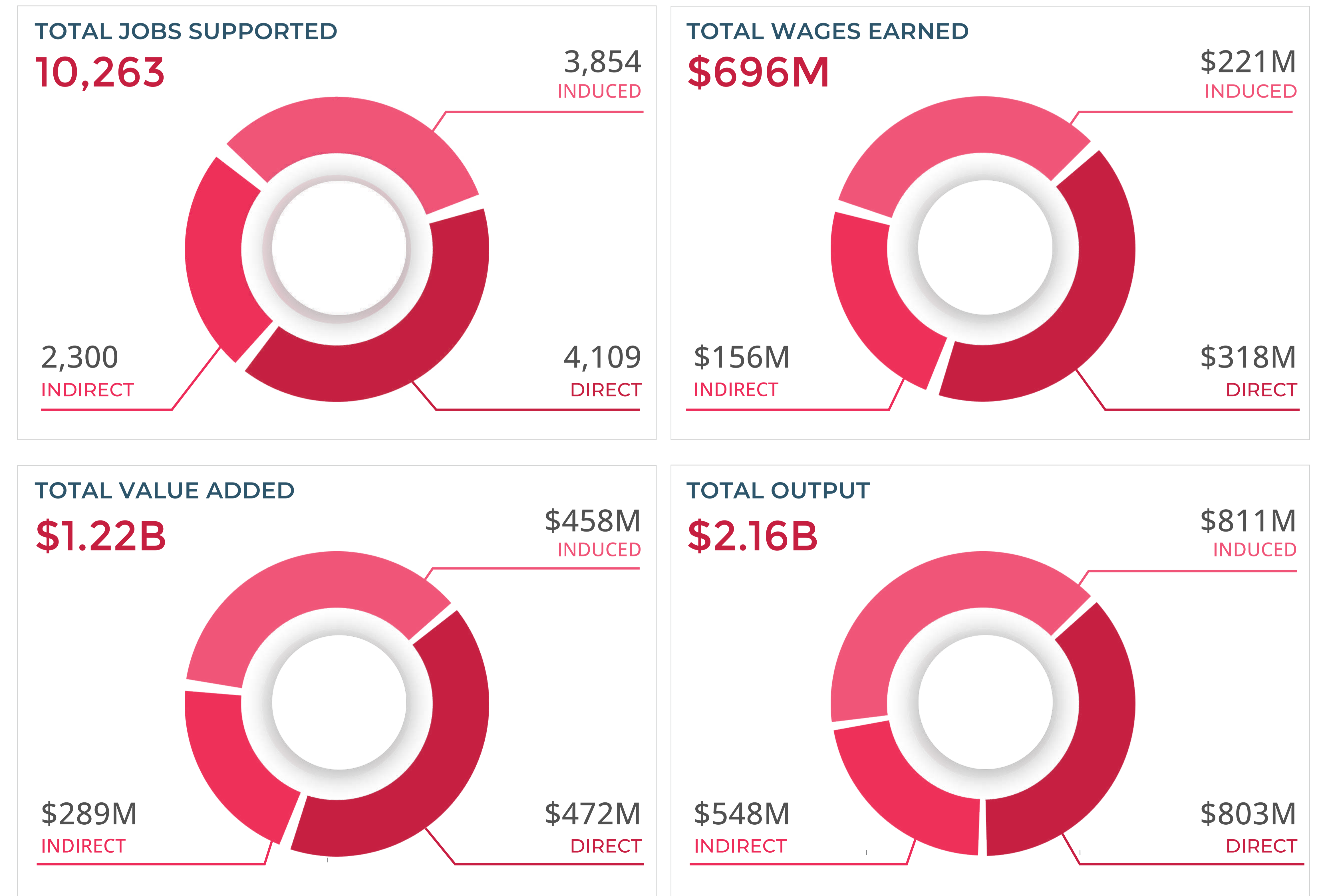
MEANINGFUL IMPACT IN THE COMMUNITIES WE LIVE AND WORK

In 2023, Gilead's direct output (direct supply chain impact) with small and diverse American companies in the US totaled over \$803M. These direct purchases generated an economic impact totaling \$2.16B in contributions to the US economy.

This total economic activity supported 10,263 American jobs and contributed \$285M in tax revenue in 2023. The economic support in the US spans across nearly every state with the most two significant employment (also called job) impacts in California (5,349) and Georgia (691).

Table 1: 2023 National Impact of Gilead's small and diverse spend

Impact Type	Jobs Supported	Wages	Value Added	Output
Total	10,263	\$696M	\$1.22B	\$2.16B
Direct	4,109	\$318M	\$472M	\$803M
Indirect	2,300	\$156M	\$289M	\$548M
Induced	3,854	\$221M	\$458M	\$811M



IMPACT BREAKDOWN BY STATE: WE SUPPORT LOCAL

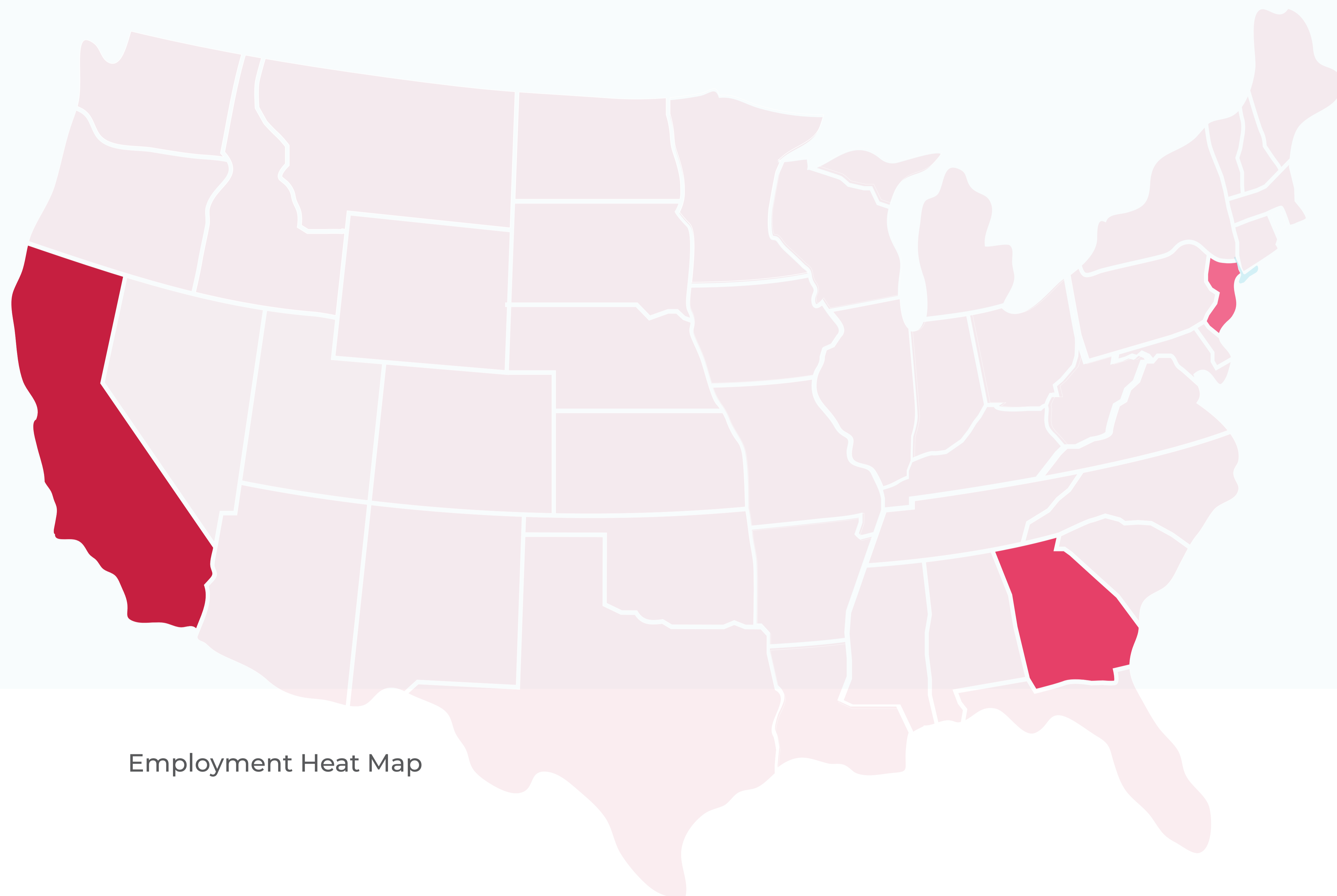
Table 3: Impacted States ranked by Total Employment

STATE	DIRECT SPEND	IMPACT FROM DIRECT, INDIRECT AND INDUCED			
		TOTAL JOBS SUPPORTED	TOTAL WAGES EARNED	TOTAL VALUE ADDED	TOTAL OUTPUT
CA	\$408M	5,349	\$346M	\$616M	\$1.10B
GA	\$48M	691	\$54M	\$82M	\$130M
NJ	\$52M	698	\$49M	\$82M	\$142M
IL	\$40M	516	\$37M	\$63M	\$109M
PA	\$40M	500	\$34M	\$60M	\$106M
NY	\$35M	371	\$26M	\$49M	\$90M
FL	\$25M	275	\$18M	\$35M	\$65M
MA	\$20M	210	\$16M	\$30M	\$52M
MO	\$18M	277	\$16M	\$27M	\$52M
MI	\$13M	157	\$12M	\$20M	\$39M
TX	\$12M	156	\$12M	\$19M	\$33M
CT	\$10M	120	\$8M	\$14M	\$24M
MD	\$9M	98	\$8M	\$13M	\$25M

STATE	DIRECT SPEND	IMPACT FROM DIRECT, INDIRECT AND INDUCED			
		TOTAL JOBS SUPPORTED	TOTAL WAGES EARNED	TOTAL VALUE ADDED	TOTAL OUTPUT
NC	\$8M	102	\$7M	\$12M	\$22M
WY	\$8M	94	\$7M	\$13M	\$22M
DE	\$7M	96	\$7M	\$11M	\$19M
WA	\$7M	89	\$7M	\$11M	\$19M
VA	\$8M	96	\$6M	\$12M	\$21M
OR	\$7M	55	\$4M	\$9M	\$20M
DC	\$5M	61	\$4M	\$7M	\$13M
CO	\$3M	42	\$3M	\$5M	\$9M
OH	\$2M	31	\$2M	\$4M	\$7M
TN	\$3M	31	\$2M	\$4M	\$8M
AL	\$2M	21	\$2M	\$3M	\$5M
AZ	\$1M	18	\$1M	\$2M	\$4M
IN	\$2M	20	\$1M	\$2M	\$4M

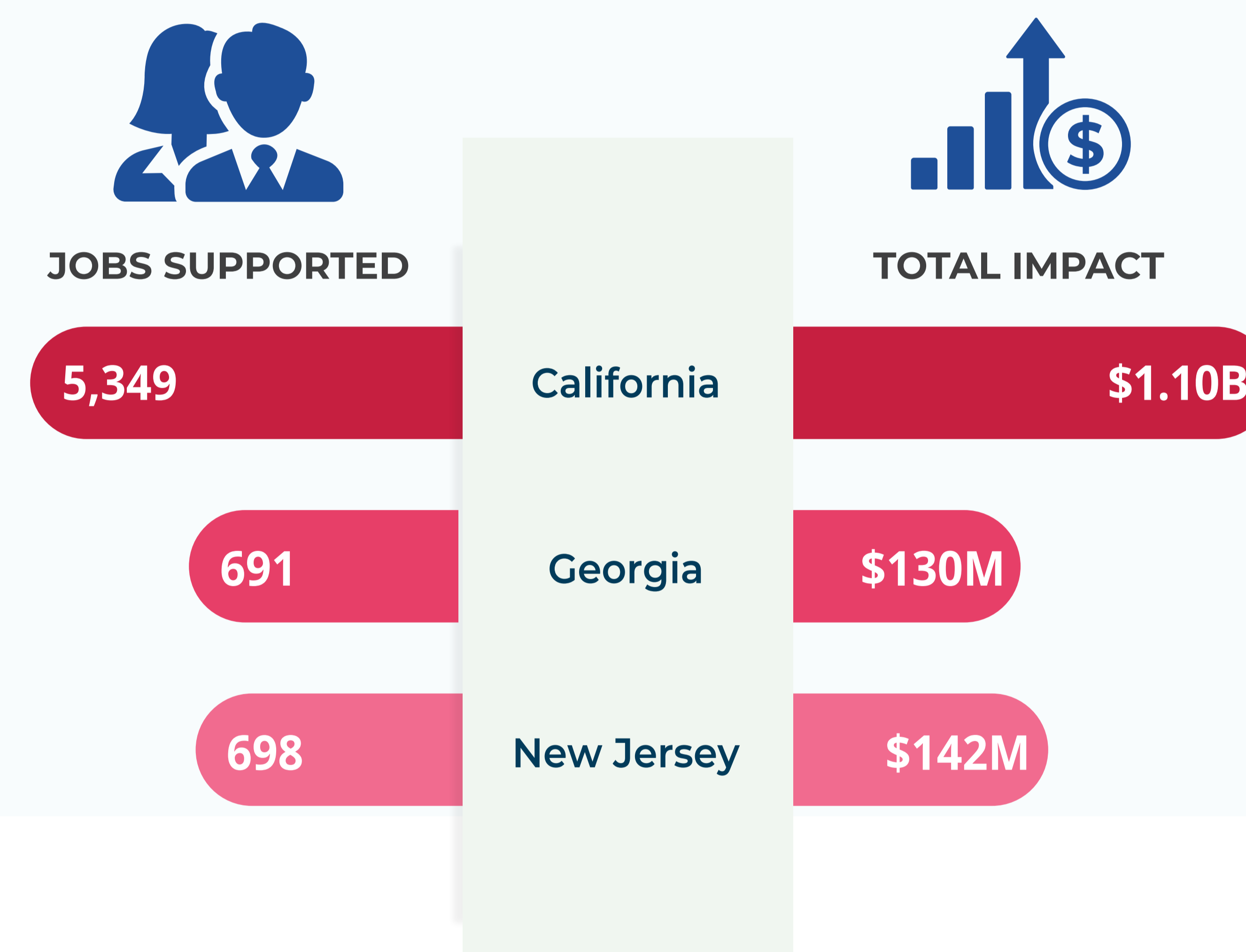
NOTE: Remaining states count for less than 3% of the total impact.

LOCAL IMPACT HIGHLIGHTS: WHERE DO WE SUPPORT MOST JOBS



Employment Heat Map

The employment impact map details the support of US-based small and diverse suppliers. Darker states represent a greater number of total jobs supported by Gilead supply chain purchases. Supply Chain purchases are supporting the greatest number of jobs in California, Georgia and New Jersey. The results do not reflect any employees working directly for Gilead operations, only the supply chain of all Gilead entities with small and diverse suppliers.



Gilead's Local Intent

Our intent is to support the communities where we work and live by supporting meaningful jobs and economic progress.

Employment, Employment Compensation, Value added, and Output are estimated using IMPLAN's national industry multipliers.

State with the most impact across the board

CALIFORNIA

- Jobs: **5,349**
- Wages: **\$346M**
- Total Output: **\$1.10B**

WHICH BUSINESS AREAS ADD THE MOST LOCAL IMPACT?

Top Areas:

Management consulting services supported **825 jobs** and had the highest value added of **\$95M** and also had the highest economic impact of **\$147M**

Table 4: Top 10 Impacted Industries by Jobs Supported

Business Area	Jobs Supported
Management consulting services	825
Construction	616
Employment services	470
Computer systems design services	384
Scientific research and development services	344
Other real estate	302
Environmental and other technical consulting services	268
Services to buildings	251
Full-service restaurants	222
All other food and drinking places	209

Table 5: Top 10 Impacted Industries by Labor Income

Business Area	Labor Income
Management consulting services	\$94M
Construction	\$57M
Scientific research and development services	\$54M
Computer systems design services	\$45M
Owner-occupied dwellings	\$45M
Employment services	\$34M
Environmental and other technical consulting services	\$31M
Monetary authorities and depository credit intermediation	\$30M
Other real estate	\$27M
Management of companies and enterprises	\$25M

Table 6: Top 10 Impacted Industries by Total Value Added

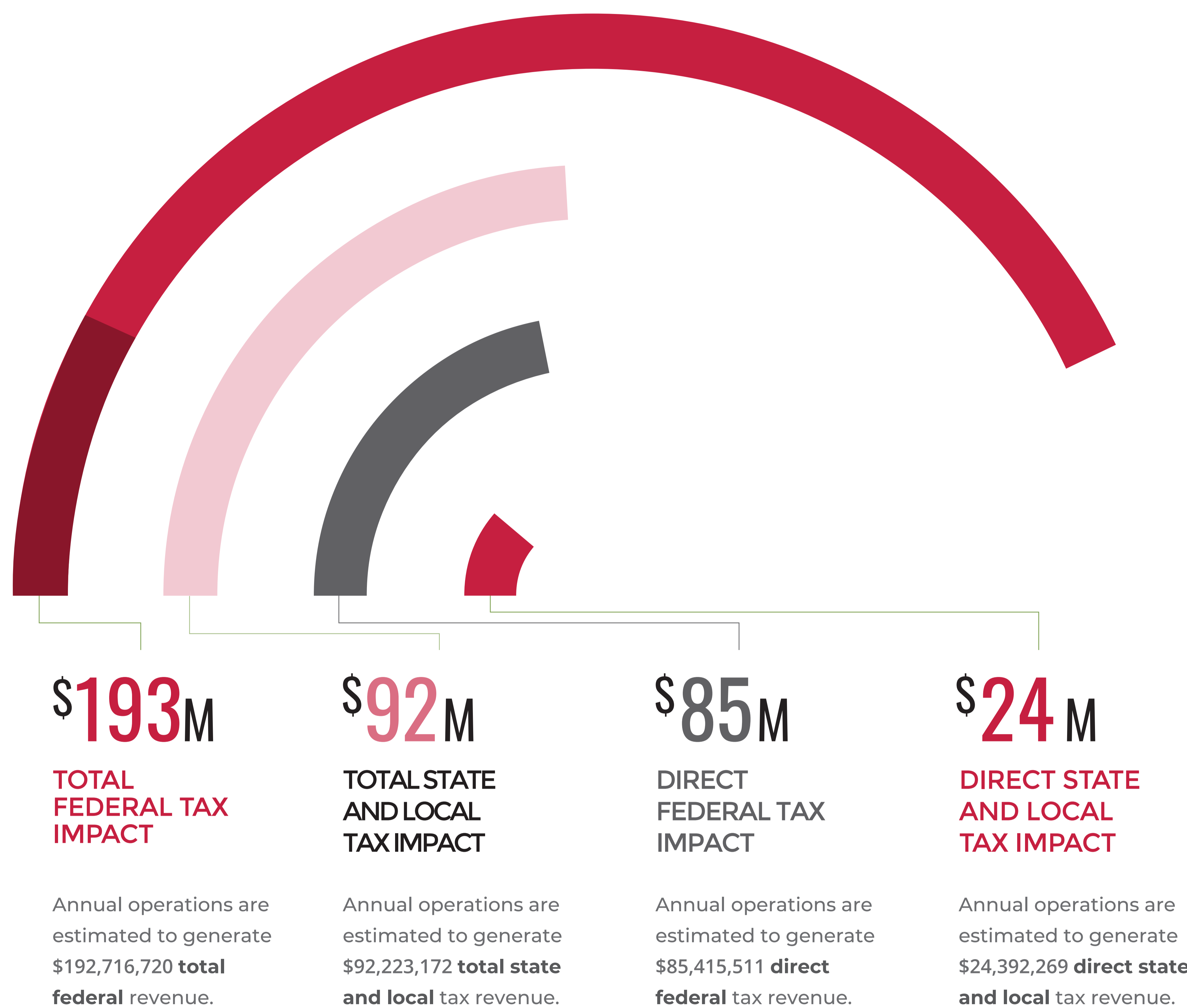
Business Area	Value Added
Management consulting services	\$95M
Construction	\$58M
Scientific research and development services	\$55M
Owner-occupied dwellings	\$51M
Computer systems design services	\$46M
Employment services	\$34M
Environmental and other technical consulting services	\$31M
Monetary authorities and depository credit intermediation	\$31M
Other real estate	\$29M
Management of companies and enterprises	\$26M

Table 7: Top 10 Impacted Industries by Total Output

Business Area	Total Output
Management consulting services	\$147M
Construction	\$107M
Scientific research and development services	\$96M
Other real estate	\$67M
Owner-occupied dwellings	\$62M
Computer systems design services	\$57M
Employment services	\$57M
Environmental and other technical consulting services	\$48M
Monetary authorities and depository credit intermediation	\$45M
Advertising, public relations, and related services	\$40M



TAX IMPACT



Gilead had an overall tax impact of \$285 million by diverse spend which was generated by **\$2.16 billion in total output** as illustrated in Table 1 and Table 8.

Tax Impact Breakdown

The tax impact report estimates total taxes paid by government type and by tax type, by the sectors and institutions affected in an impact scenario. The tax impacts are calculated using the latest fiscal infrastructure in the IMPLAN database.

Table 8: Taxes by institution receiving

Description	Employee Compensation	Production & Imports Tax	Households	Corporations	Proprietor Income	Total
Federal	\$83M	\$3M	\$88M	\$15M	\$5M	\$193M
State & Local	\$1M	\$63M	\$22M	\$6M	\$0	\$92M
Total	\$84M	\$66M	\$109M	\$21M	\$5M	\$285M

Table 9: Federal tax

Description	Employee Compensation	Production & Imports Tax	Households	Corporations	Proprietor Income	Total
Direct	\$38M	\$511K	\$41M	\$4M	\$2M	\$85M
Indirect	\$19M	\$633k	\$19M	\$4M	\$1M	\$44M
Induced	\$26M	\$1M	\$27M	\$7M	\$1M	\$64M
Total	\$83M	\$3M	\$88M	\$15M	\$5M	\$193M

Table 10: State and local tax

Description	Employee Compensation	Production & Imports Tax	Households	Corporations	Proprietor Income	Total
Direct	\$534K	\$12M	\$10M	\$2M	\$0	\$24M
Indirect	\$262K	\$15M	\$5M	\$2M	\$0	\$22M
Induced	\$370K	\$36M	\$7M	\$3M	\$0	\$46M
Total	\$1M	\$63M	\$22M	\$6M	\$0	\$92M

GLOSSARY

Direct Impact: Direct impact is the initial change from an economic activity (e.g., vendor spending). Applying these initial changes to the multipliers in IMPLAN will then display how a region will respond economically to them.

Employee Compensation: Employee compensation in IMPLAN is the total payroll cost of employees. This includes wages and salaries, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment insurance taxes, etc.). Also referred to as fully loaded payroll.

Employment: Employment (also called Job) in IMPLAN includes full-time, part-time, and seasonal workers and therefore does not represent full-time equivalents (FTEs). IMPLAN employment includes wage and salary employees as well as proprietors (self-employed individuals and unincorporated business owners).

Event Year: Model year reflects the year of the IMPLAN data. If this year differs from the year of your IMPLAN model data, IMPLAN will adjust your dollar values accordingly via its built-in deflators.

Indirect Impact: Indirect impact is the industry-to-industry purchases in the supply chain that stem from the initial vendor spending. Indirect impact occurs in indirect suppliers in all lower tiers.

Indirect impact not only benefits the local economy where vendor businesses are located. It also benefits other regions when vendors and their intermediate suppliers purchase products and services outside of their local states, creating spillover effects.

Moreover, a portion of the spillover effects may circle back to the original state, creating feedback effects.

For example, if the direct impact is the construction of a building, the first round of indirect impact will include a purchase of ready-mix concrete. This purchase of ready-mix concrete spurs the ready-mix concrete manufacturing industry in turn to purchase more sand and gravel. This purchase of sand and gravel is part of the second round of indirect output. This cycle of spending continues to work its way backward through the supply chain, with each round of impact getting smaller and smaller until all money leaks from the local economy by way of imports, taxes, and profits, which do not generate additional impact locally.

IMPLAN does not assume that all input purchases are made from local businesses; the proportion of local vs. non-local purchases varies by commodity and is built into the IMPLAN system.

Induced Impact: Induced impact stems from household spending of labor income, after removal of taxes, savings, and commuter income. The induced impact is generated by the spending of the employees within the business' supply chain. Note that IMPLAN models account for commuting patterns; thus, induced impact will only reflect the spending of wages from residents. IMPLAN removes payroll taxes, personal taxes, and savings before allowing the remainder to be spent on goods and services. IMPLAN also accounts for imports and does not assume that all purchases of goods and services are made within the study area.

Labor Income: The sum of employee compensation and proprietor income.

Multipliers: Multipliers are the basis for the input-output (I-O) models such as IMPLAN. Expressed as rates of change, multipliers describe how a given change in a particular industry generates impacts in the overall economy (e.g., for every dollar spent in the economy an additional \$0.25 of economic activity is generated locally, implying a multiplier of 1.25.)

Other Property Income: OPI represents corporate profits and depreciation.

Output: Total value of a product or service.

Proprietor Income: Proprietor income consists of payments received by self-employed individuals and unincorporated business owners.

Taxes on Production and Imports less Subsidies: TOPI is one of the four components of value-added. It includes sales and excise taxes, customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments.

Value Added: Value-added is the sum of employee compensation, proprietor income, other property income, and TOPI. Value-Added is analogous to GDP.

Data used for this Report

This report was commissioned by Gilead and prepared by VIVA USA INC (VIVA) using IMPLAN's database as given below for economic impact analysis.

IMPLAN Data Year: **2022**

Gilead Spend Data Year: **Oct 2022 – Sept 2023**
 (small/diverse suppliers only, though may not represent complete population of all Gilead small/diverse)

Areas in Model: **United States**

The current version of the IMPLAN software is only able to estimate the spillover and feedback effects at the national level. They cannot be tracked to specific states and thus being incorporated into the indirect and induced impacts at the national level.

References

All results provided in this report are based on the values and assumptions provided by the customer and information from the following sources. Neither VIVA nor IMPLAN makes any declaration of the accuracy of the provided values.

1. IMPLAN Glossary (<https://support.implan.com/hc/en-us/categories/1500000107962-Glossary>)
2. Miller, Ronald E., and Peter D. Blair. Input-output analysis: foundations and extensions. Cambridge university press, 2009.



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