



ERI UPDATE

Quarterly Notes For ERI Subscribers

Latent Semantic Analysis

ERI has adopted Latent Semantic Analysis (LSA), a text-based comparison mechanism that was originally developed for the task of information retrieval, but in recent years has been used by colleges to grade papers, test for literacy of nonnative English-speaking college applicants, assess college entrance essays, judge U.S. Air Force personnel training needs and a variety of humanlike language tasks. ERI sees LSA revolutionizing HR recruiting, selection, the planning of training, work competency analyses, and most of ERI's research applications and methodologies. We are already incorporating LSA in the **eDOT** and **Assessor Series**® software.

For Assessor Series or Reference subscribers, the next year's renewal offer may accompany this ERI Update. To conserve postage and packaging, ERI sends out the following year's subscription renewal offer with the last two quarterly releases of each year's subscription.

Because of our development of the **eDOT Project**, we have accumulated the necessary number of file servers (a Cray-like combination of 8 file servers) and sufficient content to create a "universe" of language where LSA can be utilized. ERI is/will be combining:

- All **Assessor Series** programs, data and methodologies. (Not historic data, however, as **Assessor** databases are constantly updated, improved and enhanced.)
- All **Reference Reports**, the **eDOT Project**, methodologies, FAQs, HR Tax Codes and Laws, tutorials and related websites.
- The over 50 **ERI DLC** courses, their tests and workshops, along with ERI's widely used free college textbook, **Internet Based Compensation & Benefits Applications**, found at www.ericdlc.com (in use since 1954 and continually updated).
- The 67 **ERI Update** newsletters and all data found on www.eri.com's free Resources page, including 31 industry crosswalks, 32 job code and description crosswalks (historic and present for multiple countries), census data and much more.
- All **eDOT** position descriptions, plus the historic archives of both the abandoned U.S. DOT and the new O*NET replacement.
- ERI's optical character recognition reading (OCR) of millions of IRS tax exempt returns and other benefits and compensation materials that are found in the public domain; a similar "spider reading" of Internet job boards and other affiliate HR sites/data.

LSA is a statistical model of word usage that permits comparisons of the semantic similarity among textual information. It was originally designed to improve the effectiveness of information gathering methods by performing retrieval based on the derived "semantic" content of words in a query as opposed to performing simple word matching. Underlying LSA is the assumption that there is a "latent" structure in the pattern of word usage across documents and that statistical techniques can be used to estimate this latent structure. LSA only works when there is a sufficient universe of terms and constructs. ERI's planned applications are exciting:

Survey Job Matching

ERI analyzes all available salary surveys. By typing key portions of a survey description's prose (ERI does not save this data as it may violate copyrights), LSA allows the production of a list of the closest **Salary Assessor** and/or **eDOT** job matches.

Your Finding the "Closest Match"

Using the Enter New Position/search filter (simple text matching), an **Assessor** or **eDOT** query will list the jobs that exactly match typed letters, up until that point when no match can be made. Thereafter ERI's Browse functions will shift to an LSA application.

Listing Job and Industry Reporting Codes

The genesis of this new ERI use of LSA was a state Workers' Comp Bureau's sending us 3 million 54-character text strings of "descriptions of jobs" and asking if we could produce a summary listing of related position and industry reporting codes.

Resume/Posted Job Mining

CareerBuilder, CareerJournal and other job boards now send our file servers queries (at the rate of 500,000/month) where coded relationships allow their identification of "closest matches" and the listing of the best matching job postings to **eDOT** skills.

This Quarter's Highlights

- **1st Renewal Offer for Calendar Subscribers** (*enclosed*)
- **Latent Semantic Analysis** (*this page 1*)
- **OCR Reads; Changing Assessors into Surveys** (*page 2*)
- **A Revised DOT & Related Speeches** (*page 2*)
- **Executive Compensation Trends** (*page 2*)
- **Early Merit Planning Estimates for 2005** (*page 2*)

Training Needs Identification

The **ERI Distance Learning Center's** Glossary was our first attempt at creating a "universe." For more information about LSA, we refer you to: <http://lsa.colorado.edu/>.

Utilizing Statistical Criteria for Determining a "Job"

The U.S. Government's new O*NET job families were determined by a political process. **eDOT** and **Assessor Series** jobs are determined empirically by LSA statistical skill-based clustering.

ASSESSOR SERIES NOTES

OCR's Rearranging of Products

Because of our work with optical character recognition reads of publicly available data, specifically in the health care industry, our effort with workers' compensation and LSA and our revising the abandoned U.S. Dictionary of Occupational Titles, we are changing our product offering mix for 2005 (Assessor Series products are becoming true surveys, rather than analyses).

eDOT Project & NOSSCR/IARP Speech

The enhanced Dictionary of Occupational Titles is a unique attempt at revising the abandoned U.S. DOT. A cybernetic system (where subscribers' use alters Internet databases), eDOT is created from two large databases: a cooperative "Raw Data" work measure and an **Assessor Series** based Job Availability survey. The latter will require an **Assessor Series** license to access eDOT's full capabilities (job availability, earnings, potential employers, etc.) in 2005. A copy of concurrent May 14th speeches at the national IARP (Scottsdale) and NOSSCR (San Diego) conventions, "An Under the Surface Look at ERI's eDOT & eDOT Skills Project (a cybernetic skill-based job analysis system)" can be found at www.eri-edot.com.

Health Care Survey & Assessor

Those in health care recognize that their industry is a universe unto itself, often not matching a local labor market's demands for other skills. See ERI's <http://www.eri-nonprofit-salaries.com/> Tax Exempt site; review the over one million sources/datapoints.

Early Merit Planning Estimates for 2005

Increases in executive pay (in the U.S.) continue to lead the way (and set the tone) for salary planning during an apparent business

upturn, a surging of energy and interest costs and a visible easing in the real estate boom, all in an election year.

2003 found the early predictions of the previous July off by over 1.0% (higher than ERI's and later findings). We believe the same could be true in 2005. Again health care & public sector organizations should run 1.0 - 1.5% higher than "private industry."

A common U.S. rate heard is 3.2%; adjust it for your industry and remember the other part of the equation: intervals.

Executive Data

Over the years, various managements have requested that executive compensation data not be included in packaged subscriptions (hence the **Full Analyst's** versus the **Complete Consultant's Series**). Two industry groups, however, have their management compensation in the public domain. Health Care/Hospitals, almost all of which are tax exempt, publicly report salaries for those earning in excess of \$50,000. The same is true for nonprofits. Consequently, beginning in 2005, ERI will segment the **Executive Compensation Assessor** data into:

The **Executive Compensation Assessor (ERIXA)** software (excluding industry codes for health care and nonprofits).

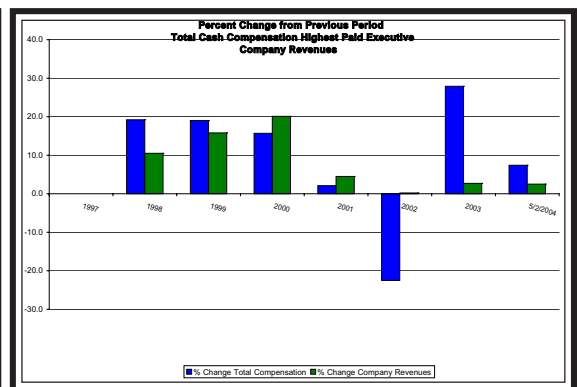
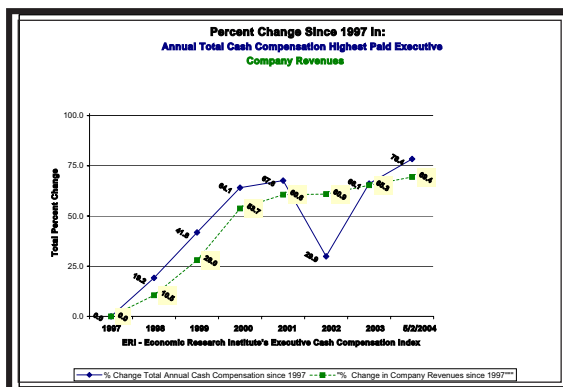
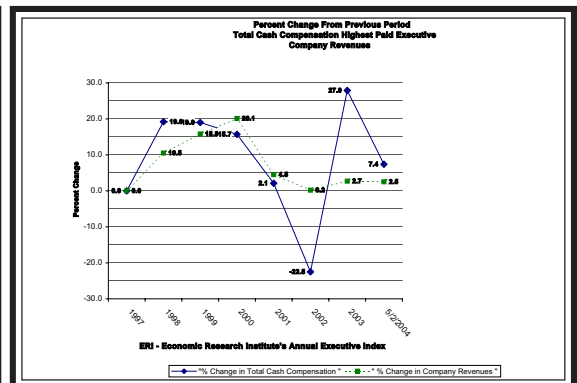
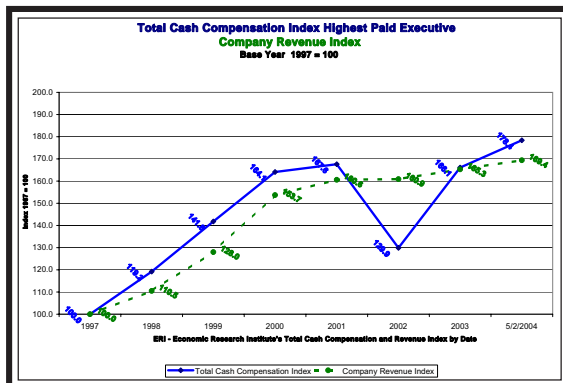
While showing all levels of positions in the:

Health Care Salary Survey Assessor including job titles from the highest earning down. It incorporates data extracted from ~20,000 hospitals' Form 990s and the private sector.

Nonprofit Tax Exempt software will complement the Health Care, including the remainder of the 633 NTEE Form 990 industries (2005 beta, with a target of 300,000 organizations).

And now another edition exists (part of the **ERIXA** subscription).

The **Executive Compensation Assessor (U.K./E.U.)** software contains data and analyses for 1,000 U.K. companies (where reporting is mandatory) and 200 E.U. companies (where reporting is becoming mandatory). Annual reports (which take the place of proxy/10-K), summary comp tables and "data points/plots on graphs" match all features of the U.S. **ERIXA**.



ERI PRODUCT ORDER SHEET

www.erieri.com
800.627.3697

ASSESSOR SERIES® software databases (single annual subscriptions, updated quarterly)

- Salary Assessor® & Survey ERISA** \$829. \$ _____
- Relocation Assessor® & COL Survey ERIRA** \$829. \$ _____
- Geographic Assessor® & Pay Survey ERIGA** \$829. \$ _____
- Executive Compensation Assessor® & Survey ERIXA** \$2,289. \$ _____
- ERI's Platform Library™ ERIPL** (includes ERI's revised and enhanced DOT "eDOT" with access to earnings, job availability & potential employers requiring a FAS or CCS license and databases.) **FREE**

INDUSTRY SERIES (includes all job levels) requiring a FAS or CCS license and databases.)

- Health Care Salary Survey & Assessor ERIHA** \$829. \$ _____
- Nonprofit Tax Exempt Salary Survey & Assessor ERINA** (2005 beta; part of ERIXA)

PRODUCT SUITE SERIES

- Full Analyst's Series FAS** Single User License: \$1,979. \$ _____
Annual subscription (four quarterly updates) to **ERISA, ERIRA, ERIGA, ERIPL**
- Complete Consultant's Series CCS** Single User License: \$2,979. \$ _____
Annual subscription (four quarterly updates) to **FAS plus ERIXA/ERINA, ERIHA, eDOT**
(for U.K./E.U. editions, see www.erieri.co.uk)
- Global Remuneration Series GRS** Single User License: \$3,979. \$ _____
Annual subscription (four quarterly updates) to **CCS** plus all U.K./Euro editions

LAN/WAN ASSESSOR SUBSCRIPTIONS

- Single Local Area Assessor Series Network Subscription with # of users = _____ \$ _____
Additional 75% for an Assessor LAN license; add 50% for each added user above 2.

OTHER RESEARCH PRODUCTS Single hardcopy edition

- Geographic Reference Report 2004** \$429. \$ _____

DISTANCE LEARNING CENTER All ERI courses are delivered exclusively via the Internet.

Courses are free. An administrative fee of \$19 per test is required via a credit card online at www.eridlc.com for those seeking CCP, CBP, GRP, PHR, SPHR, CRCC, CPE, CE, CLE or JCA continuing education credit(s).

Downloads are available via the Internet Subscriber Annual Web-Based Content Access Fee: \$19.50 \$ _____
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INSTALLATION GUIDELINES

(See: INSTALLCD.TXT)

NEW SUBSCRIBERS: ORDER AND INSTALL ERI'S SOFTWARE FROM THE INTERNET

For those who have access to the Internet, all of ERI's software products may be purchased, downloaded, and installed from www.eri.com.

1. From ERI's home page click "Subscribe/Order" (left-hand side, top).
2. Complete the required information and follow the instructions to download and install the applications.

ERI's Platform Library may also be downloaded and installed from the Internet (at no charge).

1. Go to www.eri.com.
2. Scroll to the bottom of the page and click on the link to ERI's Platform Library and DLC Wizard.

CURRENT SUBSCRIBERS: UPDATE ERI'S SOFTWARE FROM THE INTERNET

1. Go to www.eri.com.
2. Click "Subscriber Dataset Updates."
3. Scroll down the screen and click on the **Assessor Series** software product that you wish to update.
4. Follow the instructions as they appear.
(Note: It is not necessary to run an installation using a license code each quarter. If you have already installed a license code during the current subscription year, then you should utilize the "automatic update" for all the following quarters.)

CURRENT SUBSCRIBERS: UPDATE ERI'S SOFTWARE FROM CD-ROM

1. Run ERI's Platform Library/CD-ROM (see related instructions below).
2. You will be prompted automatically to update the **Assessor Series** software and databases to the new quarterly release. Follow the instructions as they appear on your screen. **Unless you change PCs during your subscription year, you will not need to re-enter a license code.**

If you are a new subscriber, please select "Install" from Options for New Users. If you are a returning subscriber, please click "Yes" to upgrade when prompted. If you have recently purchased an upgrade to your subscription and need to install using a new license code, go to the main screen and select the **To Install | Install Assessors Using License Code** menu.

HOW TO RUN ERI'S PLATFORM LIBRARY & DLC WIZARD CD-ROM

1. Check the date printed on the front of the CD-ROM to make sure that it is for the most recent Quarter.
2. Place the CD-ROM in your CD-ROM drive and shut the drive door.
3. The CD-ROM should auto-run. (After approximately 5 seconds, the CD-ROM drive light should start to blink and you should hear the CD-ROM running. After another 5 - 10 seconds, you should see **ERI's Platform Library** beginning to load on your screen.)

If after 30 seconds the CD-ROM does not auto-run, contact your organization's internal technical support department. Something may be wrong with your CD-ROM drive or device drivers. Try to run the CD on another computer or try using the following secondary procedure: 1) Click the Windows Start button, then click Run; 2) Type `d:\eri.exe` (assuming that `d:\` is your CD-ROM drive); and then 3) Click "OK".

GENERAL INSTALLATION INFORMATION

ERI's software applications are designed to run on Windows 98, NT, 2000, ME, and XP. Each Quarter, a CD-ROM is mailed to subscribers from which all software applications may be installed. In addition, all software applications may be downloaded and installed from the Internet. For more information on installation options, please select **Help | Topic Search** from any of ERI's software applications and search for related topics using the keyword "installation" or visit **ERI's Online Technical Support** (from www.eri.com, click **Free Analyst Resources**, then click **Technical Support**). Better yet, sign up for an **Assessor Series Training Symposium** (also via the **Free Analyst Resources** Web page). Call any weekday between 5 AM and 6 PM PT: 800-627-3697. (www.eri.co.uk, call + 44 (0) 131 247 6827.)

The screenshot shows the ERI Distance Learning Center website. At the top, there is a navigation bar with links: Site Map, Free Analyst Resources, Research Training, eDOT Project, Chatboard, Salary Planning Survey, Benefits & Compensation Training, British & European Data, Board Compensation Committee Tools, Subscriber Dataset Updates, and Tax Examples. Below this is a header for 'Your Compensation & Benefits Research Outsourcing'. The main content area is titled 'ERI Distance Learning Center' and includes a 'login' form with fields for 'User Name' and 'Password', and buttons for 'Login' and 'New User'. Below the login form, there are 'news' items and a section titled 'Earn Continuing Education Credit at Home' which describes the DLC's offerings, including free one-hour courses and continuing education credit for \$19 per credit hour. The page also features logos for CPE Sponsors and HRGT.