

The Total Economic Impact™ Of M-Files

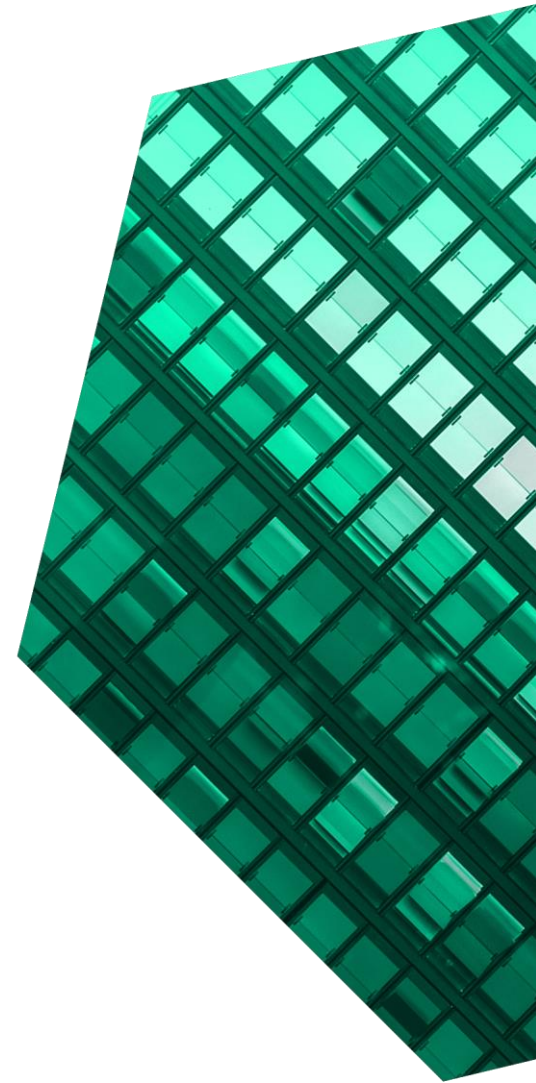
Cost Savings And Business Benefits
Enabled By M-Files

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Executive Summary

M-Files is a document management platform that enables companies to manage their documents and information effectively and securely. M-Files leverages AI and metadata to surface the right content in any context. Companies use M-Files to improve workflows, facilitate collaboration, eliminate inefficiencies, and automate processes.

The M-Files metadata-driven document management platform allows content to be organized and processed based on what it is and does not depend on where it is stored, or require a complex folder hierarchy structure. With this metadata structure, M-Files enables organizations to streamline and automate locating information, categorizing and indexing documents, assigning permissions, initiating workflows, and more. M-Files easily integrates with other systems, and content stored in those systems can be managed in M-Files.

M-Files commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying [M-Files](#).¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of M-Files on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five decision-makers with experience using M-Files. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single [composite organization](#).

Prior to using M-Files, the interviewees' organizations had legacy document and information management solutions, but still struggled with disorganized documentation, locating and exchanging documents, meeting high security and compliance standards, and instituting efficient documentation processes.

KEY STATISTICS



Return on investment (ROI)

267%



Net present value (NPV)

\$3.68M

Attempts to remedy these problems with their legacy systems, a mix of smaller tools, and ad hoc internal solutions were unsuccessful.

After the investment in M-Files, the interviewees' organizations saw a significant increase in employee productivity driven by overall document and information management strategy. M-Files provided advanced workflows, facilitated collaboration, eliminated inefficiencies, and automated processes.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **More efficient searching for documents and information by 40%.** M-Files' powerful search capabilities, which stem from the ability to filter and locate documents based on content as well as associated metadata, enable employees at the composite organization to locate needed documentation more quickly. Employees are no longer getting bogged down searching through a

myriad of locations and file hierarchies. For the composite organization, this time savings is worth nearly \$1.65 million over three years.

- **Enhanced compliance and audit processes by 20% to 25%.** M-Files allows the composite organization to meet audit and compliance requirements more quickly through workflow capabilities and assigning permissions. M-Files ensures documentation is accurate and the most recent at all times. This improves productivity and saves the composite organization nearly \$584,000 over three years.

“Different automated workflows is the key. With M-Files you can actually have more than just documents, you can have the other objects like clients, staff, engagements, projects, industries, and more.”
CIO, professional services

- **Improved categorizing and indexing of documents by 60%.** Facilitated by M-Files’ workflows and automatically populating metadata, employees at the composite organization are able to automate much of the process of categorizing and indexing a wide array of documents across several departments. For the composite organization, this is a benefit of over \$824,000 over three years.
- **Easier document creation with templates by 50%.** Document templates in M-Files allow employees at the composite organization to create new documents more easily and with

“Being able to filter based upon the content of the document or metadata associated with it is extremely powerful — instead of searching through different media or different locations or different file structures. Using M-Files to search for something can take a matter of seconds or minutes versus endless hours.”
Director of business technology, consulting

greater consistency. For the composite organization, this equals over \$686,000 over three years.

- **Added revenue because of better documentation.** In addition to benefits leading to greater productivity, M-Files also leads to increased revenue for the composite organization. The composite organization collects additional revenue because of improved documentation of client agreements enabled by M-Files. For the composite organization, this translates into over \$746,000 over three years.
- **Decommissioned legacy systems.** The composite organization decommissions its legacy document and information management system. This cost avoidance saves the composite organization over \$570,000 over three years.

Unquantified benefits. Benefits that the interviewees’ organizations experienced, but were not quantified for this study include:

- **Easy integration with other systems and avoided cumbersome migrations.** Interviewees

found that M-Files could be easily integrated with other systems, such as CRM and enterprise resource planning (ERP), as needed, and M-Files could govern content in external repositories. This capability also avoided lengthy data migrations.

- **Improved collaboration with workflows.** Interviewees' organizations used M-Files' workflows to further collaboration both internally and externally.
- **Enabled remote work.** M-Files enabled remote work at the interviewees' organizations. With a simple internet connection, M-Files was accessible from many types of devices.
- **Improved employee experience (EX).** By making routine work easier and faster, M-Files increased employee experience at interviewees' organizations.
- **Improved customer experience (CX).** By enabling user-friendly, customer-facing processes, such as electronic document signatures and automatic notifications, M-Files increased customer satisfaction at interviewees' organizations.

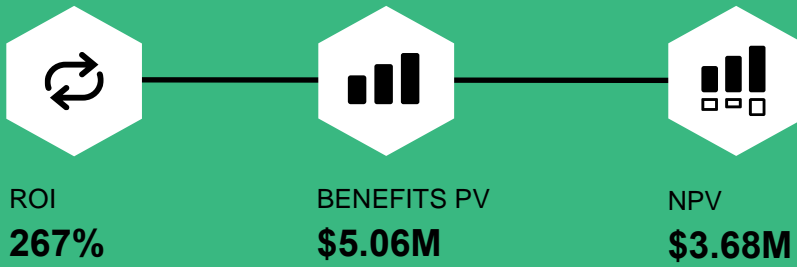
Costs. Risk-adjusted PV costs include:

- **Subscription fees and implementation and advisory services costs to M-Files.** The composite organization pays annual subscription fees, as well as yearly costs for implementation and advisory services. For the composite organization, these total just over \$910,000 over three years.
- **Internal implementation and ongoing management costs.** Employees at the composite organization dedicate some of their time to the implementation and ongoing management of M-Files. For the first year, four employees spend 50% of their time on M-Files; for subsequent years, two employees spend 50%

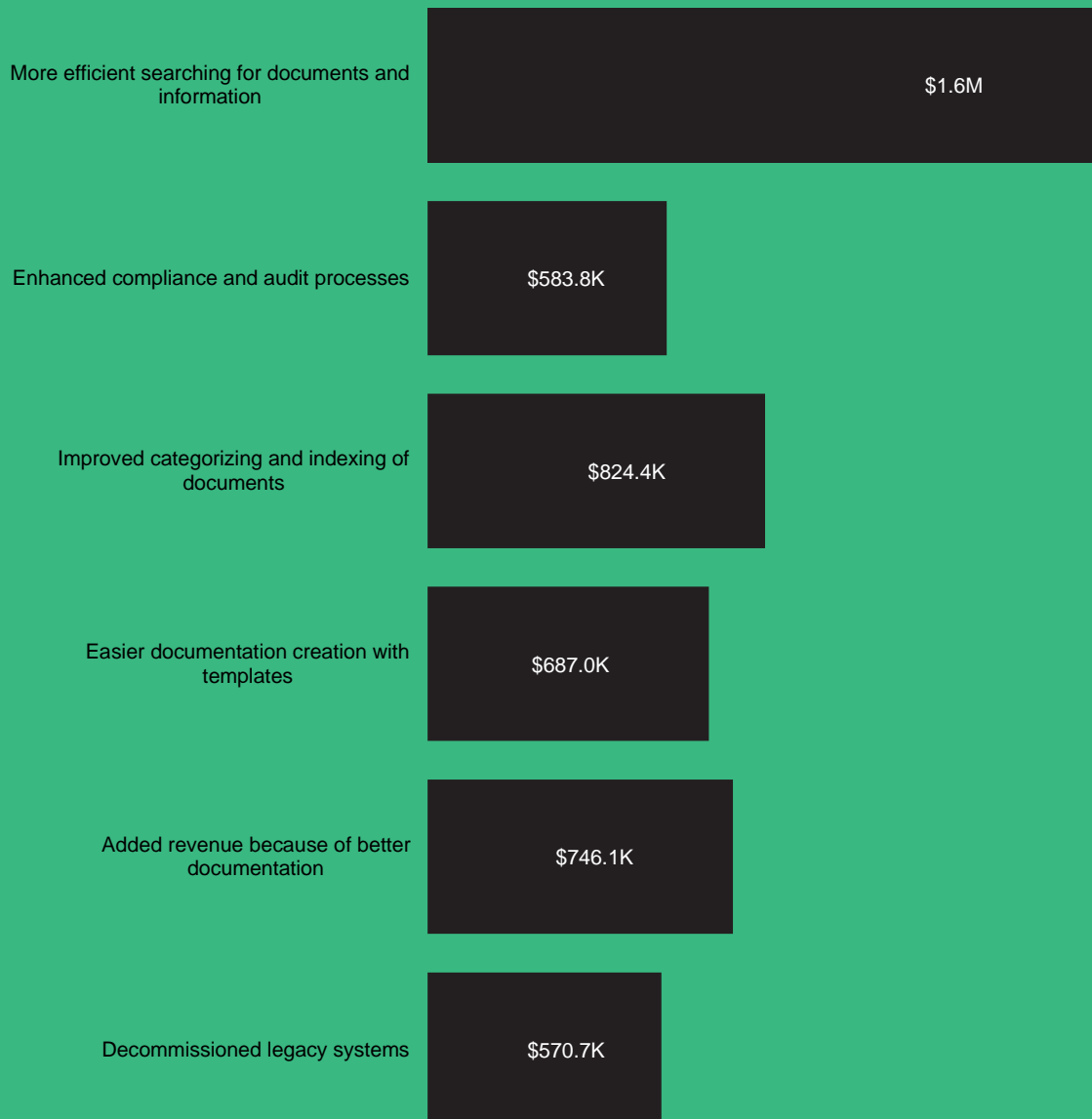
“We wouldn’t be where we are today without M-Files and the way that we would have progressed would have been very different. We’re able to do a lot more things that are really going to help us become more efficient and provide us with a strong return on investment.”
Director of business technology, consulting

of their time. For the composite organization, this is less than \$469,000 over three years.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$5.06 million over three years versus costs of \$1.38 million, adding up to a net present value (NPV) of \$3.68 million and an ROI of 267%.



Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in M-Files.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that M-Files can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by M-Files and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in M-Files.

M-Files reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

M-Files provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed M-Files stakeholders and Forrester analysts to gather data relative to M-Files.



DECISION-MAKER INTERVIEWS

Interviewed five decision-makers at organizations using M-Files to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the decision-makers.



CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The M-Files Customer Journey

■ Drivers leading to the M-Files investment

Interviewed Decision-Makers				
Interviewee	Industry	Region	Annual revenue	Number of employees
CIO	Professional services	Europe	\$160 million	1,300
Systems specialist	Retail chain	USA	\$6.2 billion	20,000
Director of business technology	Consulting	USA	\$40 million	200
Digital information manager	Energy	USA	\$1.75 billion	700
VP of IT	Real estate	USA	\$2.2 billion	200

KEY CHALLENGES

Before deploying M-Files, the interviewees' organizations relied on a variety of legacy solutions for document and information management. The interviewees noted their organizations struggled with common challenges, including:

- **Disorganized documentation.** Interviewees' organizations were experiencing document chaos, as documentation was spread across inconsistently structured folder hierarchies and duplicates were everywhere. This led to a frustrating work environment, and employees had to spend time navigating this confusing documentation landscape instead of focusing on more productive tasks.
- **Document uncertainty.** Interviewees said that, at times, it was a challenge to know whether the documents employees were seeing were the latest versions. Other times, some documents were simply lost given the confusing environment.
- **Difficulty locating and exchanging documentation, especially during periods of growth.** As the document universe at interviewees' organizations became vaster, it was increasingly difficult for employees to sort through

“With our previous document management system, you could store the same document six different times. It wasn’t as efficient as M-Files where you store once and have many, many different ways to find it.”

VP of IT, real estate

and locate the documents they needed to do their jobs. This also impeded crucial information exchange among colleagues.

- **Meeting necessary security and compliance standards was not guaranteed.** Documents containing sensitive information were not always stored at the ideal level of security. Moreover, documentation needed for audits and compliance could take a long time to locate and was tedious to handle correctly, distracting from other work.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five decision-makers that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a midsize organization with \$750 million in annual revenue and 500 employees. The majority of the employees are office/knowledge workers. The composite organization's workforce is geographically distributed over multiple offices in the United States and Europe.

Deployment characteristics. M-Files is the composite organization's document and information management system, and it replaces a legacy on-premises system. The composite organization uses M-Files for multiple use cases related to document and information management.

All 500 employees use M-Files; 200 employees, given their roles, are more regular users who utilize M-Files on a daily basis and multiple hours per week. Around 3 million documents are managed in M-Files, and M-Files is integrated with the composite organization's network files, CRM, ERP, and other third-party document tools. The composite organization utilizes a cloud version of the platform, and takes advantage of M-Files' implementation and advisory services for a smooth six-month implementation.

Key assumptions

- **\$750 million in annual revenue**
- **500 employees**
- **Majority of employees office/knowledge workers**
- **Operations in the United States and Europe**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	More efficient searching for documents and information	\$663,000	\$663,000	\$663,000	\$1,989,000	\$1,648,783
Btr	Enhanced compliance and audit processes	\$234,770	\$234,770	\$234,770	\$704,310	\$583,838
Ctr	Improved categorizing and indexing of documents	\$331,500	\$331,500	\$331,500	\$994,500	\$824,391
Dtr	Easier document creation with templates	\$276,250	\$276,250	\$276,250	\$828,750	\$686,993
Etr	Added revenue because of better documentation	\$300,000	\$300,000	\$300,000	\$900,000	\$746,056
Ftr	Decommissioned legacy systems	\$229,500	\$229,500	\$229,500	\$688,500	\$570,733
Total benefits (risk-adjusted)		\$2,035,020	\$2,035,020	\$2,035,020	\$6,105,060	\$5,060,794

MORE EFFICIENT SEARCHING FOR DOCUMENTS AND INFORMATION

Evidence and data. M-Files' metadata structure and search capabilities allowed employees at interviewees' organizations to find the documents they were looking for faster, allowing them to focus on higher-value work. The interviewees estimated on average that M-Files saved them 30% to 50% of the time required to search for documents before M-Files. The director of business technology at the consulting firm reported up to a 95% time savings with M-Files for very time-consuming searches, such as when employees left the company and it was unclear where their documents were stored.

- Prior to M-Files, employees at interviewees' organizations experienced difficulty finding documents across inconsistently structured folder hierarchies.
- After implementing M-Files, interviewees explained that M-Files' metadata-driven approach — which depends on what a document is, not where it is stored — and impressive search

functions allowed employees to more efficiently locate documents and information. This was true whether the type of search was brief and straightforward or complicated and time-intensive prior to M-Files.

- Specifically, interviewees said that with M-Files, documents could be filtered based on their content as well as associated metadata, leading to a faster and less frustrating search process.
- The director of business technology at the consulting firm described searches that used to take hours that were later completed in only minutes or seconds after the implementation of M-Files.
- With M-Files, different approaches to searches yielded the same success. As the VP of IT at the real estate firm explained: "One of the nice things about M-Files is that when you do searches, you can search in a way that makes sense to you and as a result, documents will be returned. Someone else can come along and look for those same documents in a completely different way. They

conduct a search using a different method and they still get the same results.”

“Leadership has told me many times about how appreciative they are of M-Files because of the search capability.”
VP of IT, real estate

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- All 500 employees engage in searching for documents and information for an average of 180 minutes per week before M-Files.
- Due to M-Files, the employees save an average of 40% of their time spent on searching.
- The average fully burdened salary for employees is \$50 per hour.
- The productivity recapture rate for employees is 50%. The employees convert 50% of hours saved into productive time.

More efficient searching for documents and information

40% faster



Risks. The benefit of more efficient searching for documents and information will vary based on:

- The number of employees engaged in searching.
- The average amount of time employees spend searching.
- The volume and type of documents being searched for.
- How well organized and easy to find documentation was prior to M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of nearly \$1.65 million.

More Efficient Searching For Documents And Information

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Number of employees engaged in searching for documents and information	Composite	500	500	500
A2	Average minutes per week employee spends searching before M-Files	Interviews	180	180	180
A3	Average percentage of time saved searching due to M-Files	Interviews	40%	40%	40%
A4	Hours saved per year	$(A1 \times A2 \times A3 \times 52) / 60$	31,200	31,200	31,200
A5	Productivity recapture	TEI standard	50%	50%	50%
A6	Average employee fully burdened salary per hour	Composite	\$50	\$50	\$50
At	More efficient searching for documents and information	$A4 \times A5 \times A6$	\$780,000	\$780,000	\$780,000
	Risk adjustment	↓15%			
Atr	More efficient searching for documents and information (risk-adjusted)		\$663,000	\$663,000	\$663,000
Three-year total: \$1,989,000		Three-year present value: \$1,648,783			

ENHANCED COMPLIANCE AND AUDIT PROCESSES

Evidence and data. Security, ensuring compliance with regulations, and smooth audit processes were priorities for interviewees, and key considerations driving their investment in M-Files. With M-Files, the interviewees' organizations enhanced compliance and audit processes by 20% to 25%.

- Interviewees' organizations handled sensitive documentation and information, and had to comply with regulatory requirements, including those related to finance, housing and construction, healthcare, and personal identifiable information.
- Interviewees stated that across several of their organizations' departments, M-Files' workflow capabilities and assigning permissions were used to assure the proper handling of information and

that sensitive documentation was visible and accessible to only the right people.

- With documents managed in M-Files, interviewees' organizations were certain that documents were the accurate and up-to-date versions. As the digital information manager at the energy company stated, "We rely on M-Files to ensure that the information we're able to provide to the regulators and the authorities is the latest and the greatest and the most accurate."
- Additionally, interviewees explained that the superior document categorization features enabled by M-Files, the ability to employ filters to easily locate documents needed for audits, and the automation of processes saved significant time on compliance and audit related work.

- Two groups of employees at the interviewees' organizations realized this time savings: full-time internal auditors and other full-time employees whose daily work often involved compliance assurance.
- M-Files allowed the interviewees' organizations to automate processes, such as sending and receiving requests from banks. The CIO at the professional services firm explained that their organization sent thousands of requests to banks each year to comply with regulations. With M-Files, much of that process was automated and thousands of hours per year were saved. Moreover, when the data was returned from the bank it could be managed in M-Files and shared selectively on a permission-only basis.
- Additional processes were streamlined and automated at the interviewees' organizations. Critical information related to audits and inspections became immediately available with M-Files, while prior to implementation it took a full week, delaying business decisions and operations.
- As the digital information manager at the energy company explained: "Through M-Files' functionality, we've been able to automate the inspection process. The inspector goes right on their phone, puts in the metadata, takes pictures, has access to pull-down menus, and everything they need. The improvement and collaboration then occurs when their boss, who's sitting in an office, can go right into M-Files and immediately see everything he needs and then he can do the other workflows he has based off of that."
- The interviewees stated that these time savings led to additional benefits that were good for business. The digital information manager at the energy company explained, "Incidents that would have cost us money and maybe reputation were avoided because we were able to identify them early on."

"The security that's available with M-Files, being able to control who sees which documents, that is a definite benefit."
VP of IT, real estate

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- There are two internal auditors who spend 100% of their time on internal audits.
- Due to M-Files, the auditors save an average of 20% of their time spent on internal audits.
- There are 50 employees who spend 40% of their time on compliance assurance.
- Due to M-Files, these employees save an average of 25% of their time spent on compliance assurance.
- The average fully burdened annual salary for internal auditors is \$81,000 and the average fully burdened annual salary for employees involved in compliance assurance is \$104,000.
- The productivity recapture rate for employees is 50%. The employees convert 50% of hours saved into productive time.

Risks. The benefit of enhanced compliance and audit processes will vary based on:

- The number of internal auditors and other full-time employees frequently involved in compliance assurance.
- The type of compliance assurance and regulations relevant to the organization.

- The average fully burdened annual salary of these employees.
- The compliance and audit processes in place prior to M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly \$584,000.

Enhanced Compliance And Audit Processes					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of internal auditors	Composite	2	2	2
B2	Percentage of time internal auditors spend on internal audits	Interviews	100%	100%	100%
B3	Average percentage time saved performing internal audits due to M-Files	Interviews	20%	20%	20%
B4	Number of FTE internal auditors saved	$B1*B2*B3$	0.4	0.4	0.4
B5	Productivity recapture	TEI standard	50%	50%	50%
B6	Average internal auditor fully burdened annual salary	Composite	\$81,000	\$81,000	\$81,000
B7	Amount saved per year internal auditors	$B4*B5*B6$	\$16,200	\$16,200	\$16,200
B8	Number of employees involved in compliance assurance	Composite	50	50	50
B9	Percentage of time spent on compliance assurance	Interviews	40%	40%	40%
B10	Percentage of time saved on compliance assurance due to M-Files	Interviews	25%	25%	25%
B11	Number of FTE employees involved in compliance assurance	$B8*B9*B10$	5	5	5
B12	Productivity recapture	TEI standard	50%	50%	50%
B13	Average employee involved in internal compliance fully burdened annual salary	Composite	\$104,000	\$104,000	\$104,000
B14	Amount saved per year employees involved in compliance assurance	$B11*B12*B13$	\$260,000	\$260,000	\$260,000
Bt	Enhanced compliance and audit processes	$B7+B14$	\$276,200	\$276,200	\$276,200
	Risk adjustment	↓15%			
Btr	Enhanced compliance and audit processes (risk-adjusted)		\$234,770	\$234,770	\$234,770
Three-year total: \$704,310			Three-year present value: \$583,838		

IMPROVED CATEGORIZING AND INDEXING OF DOCUMENTS

Evidence and data. With M-Files' workflows and automatically populated metadata, interviewees' organizations saw improved categorizing and indexing of documents as employees were able to automate much of these tasks and completed them 60% more efficiently on average. In some cases, categorizing and indexing that used to take several minutes was completed almost instantly.

- With M-Files, employees at interviewees' organizations automated tedious and time-consuming tasks related to categorizing and indexing documents. M-Files' workflows facilitated documents being instantly sent to the correct person throughout the entire life cycle of a document. Moreover, key metadata needed to categorize and index filled in automatically. As the systems specialist at the retail chain explained, "[We] use auto-populate properties based on one property of the metadata field to cut down the time of having to index."
- M-Files also ensured the quality of this process. The systems specialist at the retail chain said, "M-Files is helping us make sure that all of the information is consistent and accurate — and we're saving money because we can allow our folks to focus on other areas."

Improved categorizing and indexing of documents

60% faster



"Our employees put the documents into M-Files, and then M-Files loads the metadata right in, triggers the workflow, and our employees don't really have to do anything. It's a huge cost savings; it's a huge time savings."

Digital information manager, energy

- Interviewees' organizations experienced this benefit across various departments and types of documents, but it was especially beneficial when dealing with large amounts of complicated material, such as documentation related to finances or engineering plans.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- Two hundred employees categorize and index an average of 15 documents per week.
- Prior to M-Files, these documents take an average of 10 minutes to categorize and index.
- Due to M-Files, it takes an average of 60% less time to categorize and index documents.
- The average fully burdened salary for employees is \$50 per hour.
- The productivity recapture rate for employees is 50%. The employees convert 50% of hours saved into productive time.

Risks. The benefit of improved categorizing and indexing of documents will vary based on:

- The number of documents categorized and indexed.
- The types of documents being categorized and indexed.
- The categorizing and indexing processes in place prior to M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of over \$824,000.

Improved Categorizing And Indexing Of Documents					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of employees categorizing and indexing documents	Composite	200	200	200
C2	Number of documents categorized and indexed each week per employee	Interviews	15	15	15
C3	Average minutes to categorize and index a document before M-Files	Interviews	10	10	10
C4	Average percentage of time saved per document due to M-Files	Interviews	60%	60%	60%
C5	Hours saved per year	$(C1 \times C2 \times C3 \times C4 \times 52) / 60$	15,600	15,600	15,600
C6	Productivity recapture	TEI standard	50%	50%	50%
C7	Average employee fully burdened salary per hour	Composite	\$50	\$50	\$50
Ct	Improved categorizing and indexing of documents	$C5 \times C6 \times C7$	\$390,000	\$390,000	\$390,000
	Risk adjustment	↓ 15%			
Ctr	Improved categorizing and indexing of documents (risk-adjusted)		\$331,500	\$331,500	\$331,500
Three-year total: \$994,500			Three-year present value: \$824,391		

EASIER DOCUMENT CREATION WITH TEMPLATES

Evidence and data. With document templates in M-Files, interviewees' organizations created documents integral to business operations 50% more quickly and with greater consistency.

- Interviewees explained that, prior to implementing M-Files, some templates were in use at their organizations but only a limited amount of information could be prepopulated.
- With document templates in M-Files, more information in more fields was automatically prepopulated.
- Also, with M-Files' easy-to-use templating capabilities, interviewees' organizations increased templating by easily creating templates as needed for documents that were not templated in their previous environment.
- Both of these use cases of document templates in M-Files led to significant time savings, as well as increased consistency.
- Interviewees shared that templates in M-Files were used to create a wide variety of documents, and were particularly beneficial when creating client proposals as well as setting up and onboarding new clients.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- Two hundred employees create an average of five documents per week using templates.
- Prior to M-Files, these documents take an average of 30 minutes to create.
- Due to document templates in M-Files, they save an average of 50% of their time spent on creating these documents.
- The average fully burdened salary for employees is \$50 per hour.

“Generating a document from a template and prepopulating data that’s only been entered once results in increased efficiency and consistency because data is updated in one place.”

Director of business technology, consulting

- The productivity recapture rate for employees is 50%. The employees convert 50% of hours saved into productive time.

Risks. The benefit of easier document creation with templates will vary based on:

- The number of employees creating documents with templates.
- The average number of documents created with templates per employee.
- The types of documents being templated.
- The extent and quality of templates utilized prior to M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly \$687,000.

Easier document creation with templates

50% faster



Easier Document Creation With Templates					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Number of employees creating new documents with templates	Composite	200	200	200
D2	Average number of documents created each week per employee	Interviews	5	5	5
D3	Average minutes to create document before M-Files	Interviews	30	30	30
D4	Average percentage of time saved per document due to M-Files	Interviews	50%	50%	50%
D5	Hours saved per year	$(D1 \cdot D2 \cdot D3 \cdot D4 \cdot 52) / 60$	13,000	13,000	13,000
D6	Productivity recapture	TEI standard	50%	50%	50%
D7	Average employee fully burdened salary per hour	Composite	\$50	\$50	\$50
Dt	Easier document creation with templates	$D5 \cdot D6 \cdot D7$	\$325,000	\$325,000	\$325,000
	Risk adjustment	↓15%			
Dtr	Easier document creation with templates (risk-adjusted)		\$276,250	\$276,250	\$276,250
Three-year total: \$828,750			Three-year present value: \$686,993		

ADDED REVENUE BECAUSE OF BETTER DOCUMENTATION

Evidence and data. In addition to benefits stemming from more productive processes, M-Files also enabled interviewees' organizations to collect more revenue because of better documentation.

- Prior to M-Files, interviewees' organizations lacked proper documentation of client payment agreements in a small proportion of instances. Although representing only a small percentage of their total business, this added up and prevented interviewees' organizations from collecting revenue due to it.
- M-Files spurred an increase in documentation in the first place, and that documentation was much more organized and locatable compared to before the implementation of M-Files.

- This increase in documentation allowed employees to create, preserve, and locate client agreements that specified how much clients owed more consistently.
- This documentation allowed interviewees' organizations to know and collect the correct amount they were due, improving their top line.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- Annual revenue is \$750,000,000.
- The amount of revenue that goes uncollected because of a problem related to lack of documentation of client agreements is 0.5%.
- Due to better documentation from M-Files, 10% of that uncollected revenue is now collected.

Risks. The benefit of added revenue because of better documentation will vary based on:

- Annual revenue and the percentage of revenue that goes uncollected due to lack of documentation.
- Documentation practices in place prior to M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of over \$746,000.

Added Revenue Because Of Better Documentation

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Annual customer revenue	Composite	\$750,000,000	\$750,000,000	\$750,000,000
E2	Uncollected revenue due to lack of documentation	Composite	0.5%	0.5%	0.5%
E3	Improvement in collected revenue due to M-Files documentation	Interviews	10%	10%	10%
Et	Added revenue because of better documentation	$E1 \cdot E2 \cdot E3$	\$375,000	\$375,000	\$375,000
	Risk adjustment	↓20%			
Etr	Added revenue because of better documentation (risk-adjusted)		\$300,000	\$300,000	\$300,000
Three-year total: \$900,000			Three-year present value: \$746,056		

DECOMMISSIONED LEGACY SYSTEMS

Evidence and data. The interviewees' organizations decommissioned a range of document management solutions after implementing M-Files.

- Before using M-Files, the interviewees' organizations used a variety of document management solutions. They lacked the functionality of M-Files. Some were on-premises and difficult to maintain. Since M-Files' capabilities covered what these solutions could do, these older solutions became unnecessary and were decommissioned.
- The CIO at the professional services firm said: "We can do certain processes in M-Files that we otherwise would have needed a totally different software or an individual software tool. Now, we can use M-Files to do those."

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- Legacy system licensing costs were \$150,000 per year.
- Two employees spent 50% of their time on ongoing management of the legacy system.
- The average annual fully burdened employee salary is \$120,000.

Risks. The benefits of decommissioning legacy systems will vary based on:

- The cost of legacy system licensing.
- The labor needed for ongoing management of the legacy system.
- The average annual fully burdened salary of employees managing the legacy solution.
- How quickly the legacy solution is decommissioned.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of nearly \$571,000.

Decommissioned Legacy Systems					
Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Legacy system licensing cost per year	Interviews	\$150,000	\$150,000	\$150,000
F2	FTEs involved in ongoing management	Interviews	2	2	2
F3	Percentage of time dedicated to ongoing management	Interviews	50%	50%	50%
F4	Average FTE fully burdened annual salary	Interviews	\$120,000	\$120,000	\$120,000
Ft	Decommissioned legacy systems	$F1+(F2 \times F3 \times F4)$	\$270,000	\$270,000	\$270,000
	Risk adjustment	↓15%			
Ftr	Decommissioned legacy systems (risk-adjusted)		\$229,500	\$229,500	\$229,500
Three-year total: \$688,500			Three-year present value: \$570,733		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Easy integration with other systems and avoided cumbersome migrations.** The interviewees' organizations found that M-Files could be easily integrated with their other systems as needed. Content in external repositories could then be governed by M-Files' metadata structure and benefit from workflows, automation, user permissions, and other M-Files features. The systems specialist at the retail chain said: "A user no longer has to have five different applications in order to find the

information or documentation that they need. It's now in one location and there is easy access to them." Additionally, time-consuming migrations were avoided.

"We have managed to integrate M-Files wherever it's needed and to support and automate any internal operations or processes."

CIO, professional services firm

- **Improved collaboration with workflows.** Interviewees' organizations used workflows to further collaboration internally across the organization as well as with external users. The director of business technology at the consulting firm explained, "Using workflows for collaboration has been very helpful — being able to keep document processing on track, know who has touched that document, edited it, all the document history."
- **Enabled remote work.** Interviewees explained that, since M-Files could be accessed from many types of devices and simply required an internet connection, it helped their companies shift their employees to remote work.

"Another benefit of M-Files is the ability to access that data from anywhere with any type of device, whether that's a computer at somebody's desk or by a web client."

Director of business technology, consulting

- **Improved employee experience.** M-Files made routine work easier and faster, improving employees' experience. The systems specialist at the retail chain said: "Our users are definitely satisfied with it. They are using it. They are coming back to our documentation team and asking us what else can they do in M-Files."
- **Improved customer experience.** Customer satisfaction increased in light of the new, user-friendly, customer-facing processes M-Files

facilitated, such as electronic document signatures and automatic notifications in place of lengthy email exchanges.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement M-Files and later realize additional uses and business opportunities, including:

- **Starting with core use cases and expanding as needed.** Interviewees explained that with M-Files, their organizations could easily expand use cases as time went on. The tool could be tailored and modified, and interviewees didn't need to think of everything on day one. As the CIO at the professional services firm said: "M-Files supports agile development very well. You can start simply and then develop it further. You don't need to think of everything at once."
- **As companies add more documents to M-Files, the benefits expand.** Interviewees said that the whole platform became even more valuable as they added more documents to be managed in M-Files. For example, the AI became more intuitive in automatically populating metadata as more documents were added in M-Files, increasing automation and efficiency. Additionally, interviewees noted that efficiency in searching for documents and information increased as a larger proportion of their documents were managed in M-Files.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs						
Ref.	Cost	Year 1	Year 2	Year 3	Total	Present Value
Gtr	Subscription fees and implementation and advisory services costs to M-Files	\$402,500	\$345,000	\$345,000	\$1,092,500	\$910,237
Htr	Internal implementation and ongoing management costs	\$276,000	\$138,000	\$138,000	\$552,000	\$468,640
	Total costs (risk-adjusted)	\$678,500	\$483,000	\$483,000	\$1,644,500	\$1,378,877

SUBSCRIPTION FEES AND IMPLEMENTATION AND ADVISORY SERVICES COSTS TO M-FILES

Evidence and data. Interviewees' organizations paid annual subscription fees, as well as implementation and advisory services costs, to M-Files.

- Interviewees' organizations paid these costs according to the number of M-Files users and functionality.
- Interviewees described positive experiences interacting and working with the M-Files team.

- The subscription fees and implementation and advisory services were customized for the needs of each client.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- M-Files annual subscription fees are \$250,000 per year.
- Implementation and advisory services are \$100,000 in Year 1, and \$50,000 in Year 2 and Year 3.

Risks. The costs of subscription fees and implementation and advisory services will vary based on:

- Customer-specific pricing, including potential discounts.
- The number of users and functionality.
- The desired level of implementation and advisory services.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just over \$910,000.

"M-Files has great support. I have a monthly phone call with my representative, which is fantastic. It's always good, useful information that we get to talk about. M-Files is a good company and they care about customers. They're not just trying to sell you the product. They want to make sure that the product is working for your company."

Systems specialist, retail chain

Subscription Fees And Implementation And Advisory Services Costs To M-Files

Ref.	Metric	Source	Year 1	Year 2	Year 3
G1	Subscription fees	Interviews	\$250,000	\$250,000	\$250,000
G2	Implementation and advisory services	Interviews	\$100,000	\$50,000	\$50,000
Gt	Licensing and implementation and advisory services costs to M-Files	G1+G2	\$350,000	\$300,000	\$300,000
	Risk adjustment	↑15%			
Gtr	Licensing and implementation and advisory services costs to M-Files (risk-adjusted)		\$402,500	\$345,000	\$345,000
Three-year total: \$1,092,500			Three-year present value: \$910,237		

INTERNAL IMPLEMENTATION AND ONGOING MANAGEMENT COSTS

Evidence and data. At interviewees' organizations, a small group of employees dedicated some of their time to implementing and managing M-Files in the first year. In subsequent years, one or two employees dedicating part of their time was sufficient to manage M-Files.

The interviewees' organizations found that the internal efforts needed for the implementation and ongoing management of M-Files were straightforward.

Modeling and assumptions. For the composite analysis, Forrester assumes that:

- A team of four employees works on the implementation and ongoing management of M-Files in Year 1. This team is reduced to two employees in Year 2 and Year 3.
- Team members spend 50% of their time on the implementation and management of M-Files.
- The average annual fully burdened team member salary is \$120,000.

Risks. The cost of internal implementation and ongoing management will vary based on:

- The average annual fully burdened salary of a team member.
- The skill set of the internal team.
- The scope of implementation and adoption.

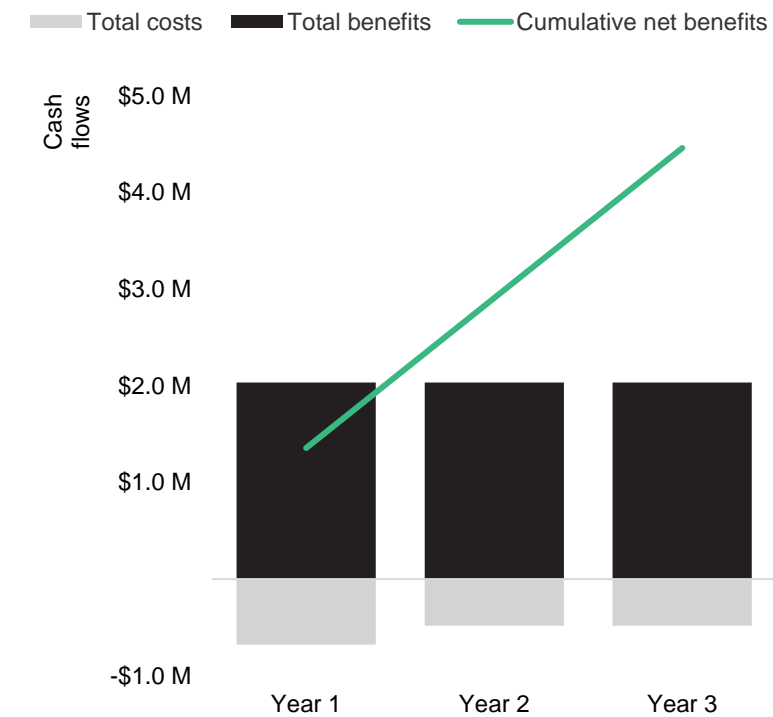
Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of under \$469,000.

Internal Implementation And Ongoing Management Costs					
Ref.	Metric	Source	Year 1	Year 2	Year 3
H1	FTEs involved in implementation and ongoing management	Interviews	4	2	2
H2	Percentage of time dedicated to implementation and ongoing management	Interviews	50%	50%	50%
H3	Average FTE fully burdened annual salary	Interviews	\$120,000	\$120,000	\$120,000
Ht	Internal implementation and ongoing management costs	$H1 \times H2 \times H3$	\$240,000	\$120,000	\$120,000
	Risk adjustment	↑15%			
Htr	Internal implementation and ongoing management costs (risk-adjusted)		\$276,000	\$138,000	\$138,000
Three-year total: \$552,000			Three-year present value: \$468,640		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$678,500)	(\$483,000)	(\$483,000)	(\$1,644,500)	(\$1,378,877)
Total benefits	\$2,035,020	\$2,035,020	\$2,035,020	\$6,105,060	\$5,060,794
Net benefits	\$1,356,520	\$1,552,020	\$1,552,020	\$4,460,560	\$3,681,917
ROI					267%

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders

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