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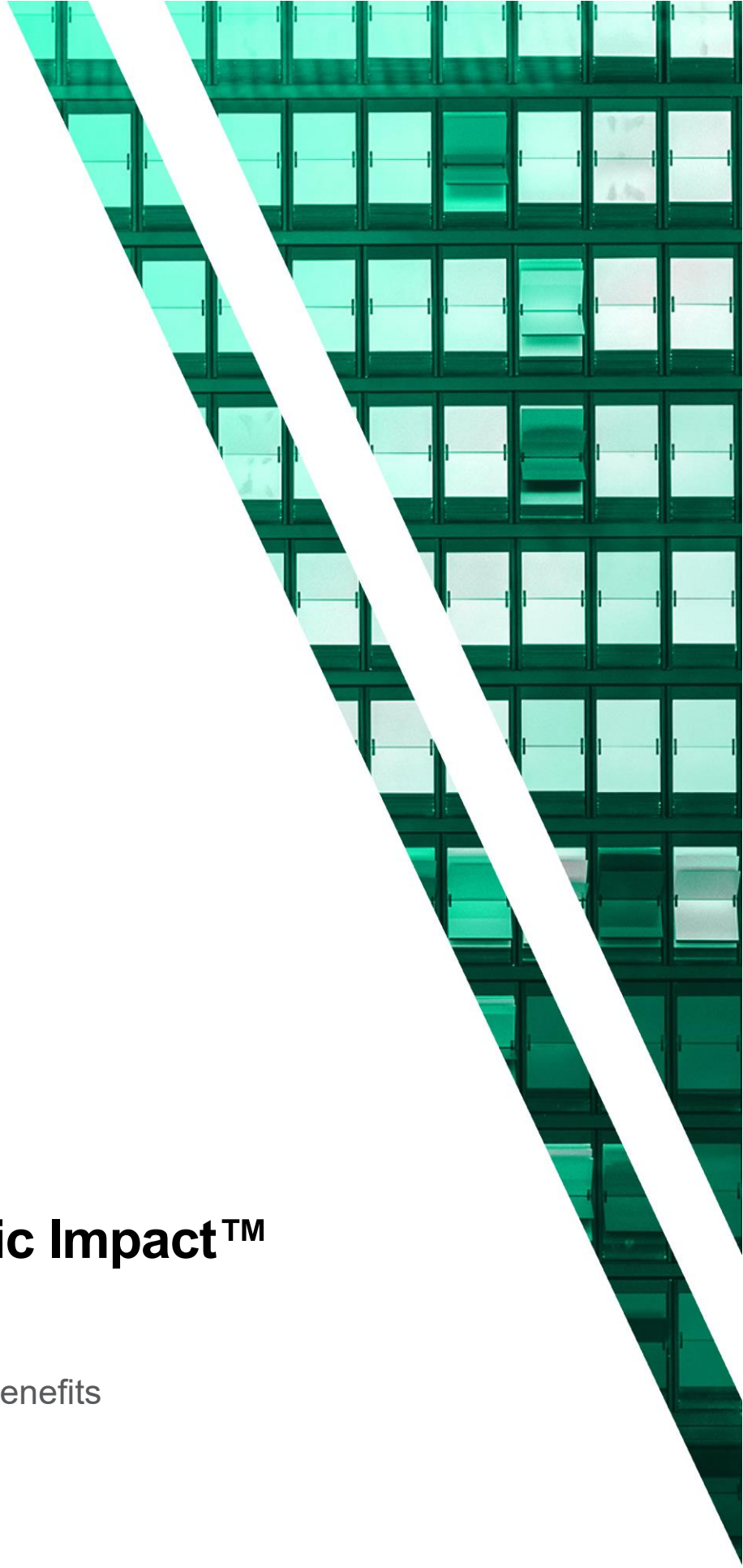

The Total Economic Impact™ Of M-Files

Cost Savings And Business Benefits Enabled By M-Files

AUGUST 2023

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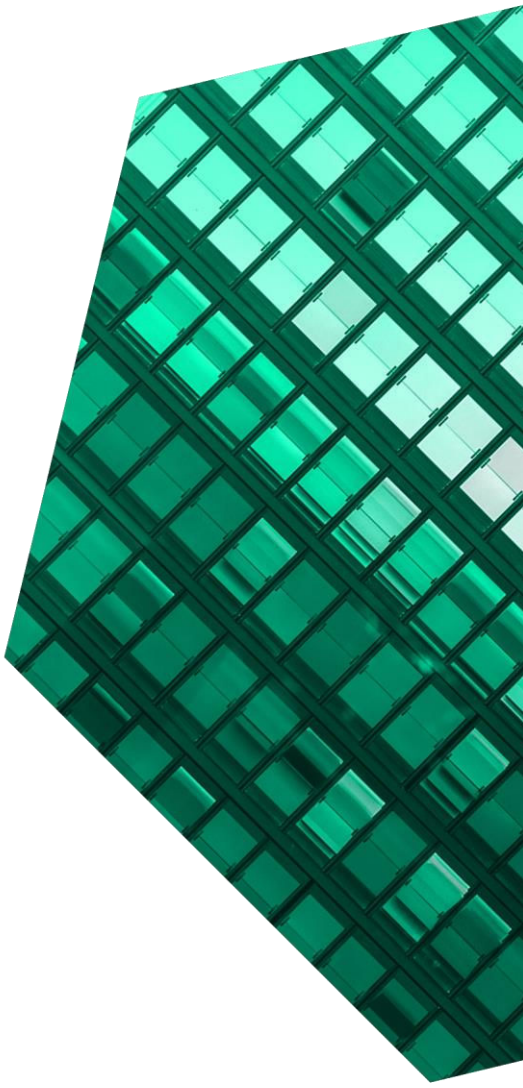

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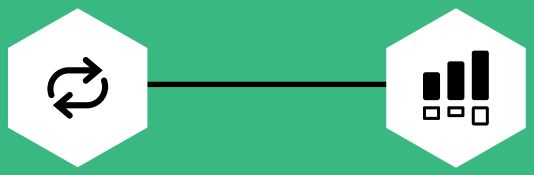
Executive Summary

M-Files provides a knowledge work automation platform that puts the right information at the fingertips of knowledge workers. With M-Files, knowledge workers can find information faster, work smarter, and get more done. M-Files' core features are enhanced by its metadata-driven architecture, proprietary machine learning model, and embedded workflow engine. This enables customers to increase efficiencies, automate processes, enhance compliance, and surface the right information in any context.

The M-Files knowledge work automation platform advances the value of an organization's data and content for workflow automation and knowledge enablement. M-Files integrates with other systems, including Microsoft applications, allowing organizations to manage documents and information effectively and securely. The advanced metadata capabilities allow users to efficiently search contents across disparate data repositories and data types on a single dashboard. Combined with the ability to automate and streamline document-centric processes, M-Files eliminates document chaos and allows knowledge workers to focus on higher-value work.

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.

KEY STATISTICS



Return on investment (ROI)
294%

Net present value (NPV)
$5.59M

"Automation is a benefit of M-Files — a very big one. The amount of manual work that users have managed to now bypass due to this has been fantastic. Our employees now spend their time doing better things."

Systems developer, professional services

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed six representatives of four organizations 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 with 800 employees and revenue of $400 million per year.

Interviewees noted that prior to using M-Files, their organizations used other document and information management solutions or less-advanced solutions, and they struggled with disorganized information, time-consuming manual processes, lack of automation, and often unclear security standards. These limitations resulted in wasted employee time and suboptimal compliance.

After investing in M-Files, the interviewees' organizations saw significant increases in employee productivity driven by improved document and information management. Key results from the investment include improved searching, faster filing, more efficient workflows and collaboration, improved security and compliance, revenue uplift, and easy integration with Microsoft and other systems.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Improved searching for documents and information by 50%.** With advanced contextual enterprise search capabilities and effective use of metadata, M-Files enables employees at the composite organization to locate documents faster and in the right business context. M-Files natively ties together both Microsoft and non-Microsoft applications, allowing for efficient searching across all documents and systems which results in operational efficiencies. This is accomplished by automating the retrieval of information according to defined attributes via metadata. This benefit is worth nearly $3.5 million to the composite organization over three years.
- **Faster filing of documents by 65%.** M-Files makes filing new documents at the composite organization faster and more accurate by largely automating metadata tagging and file naming while also assigning files to the right queue or business context. M-Files is well-integrated with the Microsoft environment, allowing for seamless filing with M-Files from applications such as Word and Outlook. This faster and more accurate filing saves the composite organization almost $1.9 million over three years.
- **Workflow efficiency increased by 70%.** M-Files also makes business workflows more efficient at the composite organization, automating significant portions and making it easier for employees to collaborate with colleagues. The key business value is the automation of document-related business processes with M-Files. Employees also use version control in M-Files for both solo and collaborative work, particularly as they do extensive work in Microsoft Word and other applications. The composite organization's use of M-Files increases over time. The organization uses the platform for one workflow in Year 1, but it increases its usage to four workflows by Year 3. This translates into savings of nearly $753,600 for the composite organization over three years.
- **Improved compliance and security that leads to automation in processing new documents and 20% time savings for auditors.** M-Files improves the composite organization's security by helping it stay compliant with important rules and regulations, avoid data breaches, and manage document access and retention policies. M-Files saves time for the organization by automatically managing key compliance and retention rules for documents and reducing the effort needed for audit work. This is worth almost

"The biggest advantages for us are that M-Files enables the information lifecycle management and also compliance. And M-Files, together with the Microsoft ecosystem — which is all about teamwork and collaboration — enables a flexible selection of tools. That's definitely something that provides value."

Head of records management, public sector

$628,500 to the composite organization over three years.

- **Revenue uplift from better documentation procedures.** In addition to benefits resulting in 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 using M-Files. This uplift in revenue results in nearly $397,900 for the composite organization over three years.
- **Decommissioned legacy systems.** The composite organization decommissions a legacy document and information management system. This saves it more than $335,700 over three years.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Enhanced consistency and productivity with templates.** Templates in M-Files save time, improve accuracy, and are easily generated from applications such as Microsoft Word at the composite organization.
- **Effective remote work.** M-Files enables remote work for employees of the composite organization. With a simple internet connection, M-Files is accessible from many types of devices.
- **Integration with other systems.** M-Files easily integrates with the composite organization's other systems, such as its CRM, enterprise resource planning (ERP) system, client portal, network files, and Microsoft applications.
- **Improved customer experience.** M-Files improves the customer experience at the composite organization by facilitating document-centric processes that are user-friendly and lead to faster service.

"It's very important that all our systems talk to each other. The combination of M-Files and the Microsoft ecosystem and everything working together [provides a] really high value for us. If it wasn't integrated already, it's something we would have to build ourselves."

CIO, consulting

- **Support from the M-Files team.** The composite organization receives effective and tailored support from its M-Files account team.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **M-Files licensing, hosting, implementation, and professional services costs.** The composite organization pays annual costs to M-Files for licensing and hosting as well as implementation and advisory services. For the composite organization, these total just under $1.4 million over three years.
- **Internal costs for implementation and ongoing management**. A small group of employees at the composite organization dedicates some of its time to the implementation and ongoing management of M-Files. This costs the composite $508,300 over three years.

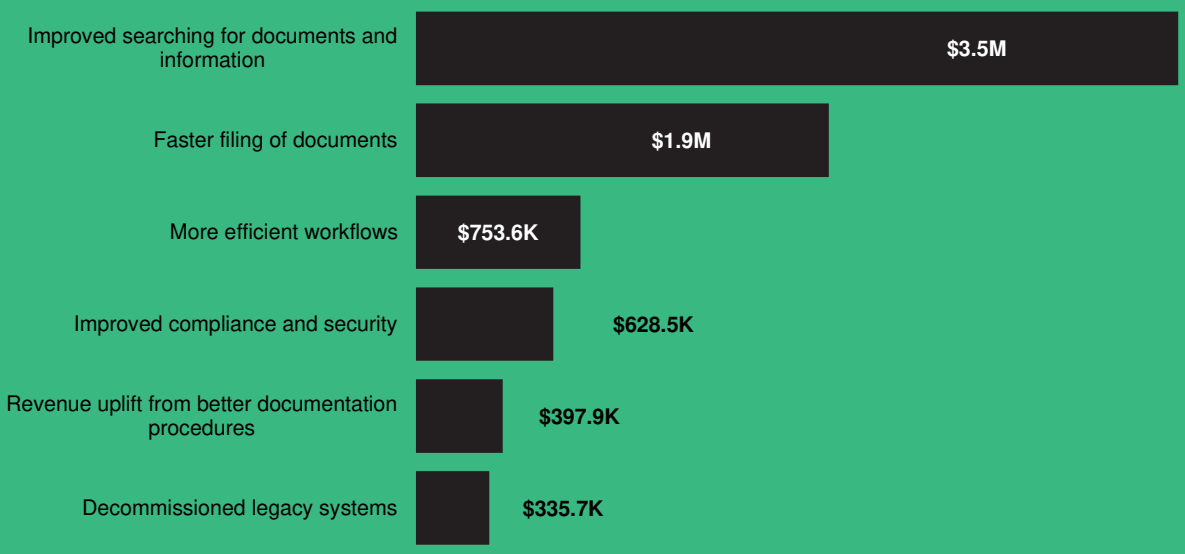
The representative interviews and financial analysis found that a composite organization experiences benefits of $7.50 million over three years versus costs of $1.90 million, adding up to a net present value (NPV) of $5.59 million and an ROI of 294%.

ROI
294%

BENEFITS PV
$7.50M

NPV
$5.59M

Benefits (Three-Year)



“M-Files has been a game changer for us and has helped us elevate our business. Without M-Files, it would take people at least double the amount of time to do their work.”

— CIO, consulting

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.



DUE DILIGENCE

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



INTERVIEWS

Interviewed six representatives at four 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 interviewees.



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.

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.

The M-Files Customer Journey

Drivers leading to the M-Files investment

Interviews			
Role	**Industry**	**Region**	**Total employees**
CIO	Consulting	US	300
CTO	Financial services	US	400
Systems developer	Professional services	Europe	500
Business analyst	Professional services	Europe	500
Head of records management	Public sector	Europe	800
Application specialist	Public sector	Europe	800

KEY CHALLENGES

Before deploying M-Files, interviewees' organizations used mixes of legacy and less-advanced solutions for document and information management. The interviewees noted how their organizations struggled with common challenges prior to using M-Files, including:

- **Difficulty locating documents and information.** Interviewees described their organizations' documents as disorganized and hard to find. Documentation was spread across inconsistently structured folder hierarchies, and duplicates were common. This led to frustrating work environments in which employees had to spend time navigating confusing documentation landscapes instead of focusing on higher-value work.
- **Inefficient document processes.** Interviewees' organizations sought more efficient, accurate, and, wherever possible, automated processes related to diverse tasks including filing, workflows, version control, and sharing documents both internally and externally. The CTO at a financial services organization reflected on the difficulty of managing documents prior to using M-Files: "Analysts would get the documents in their individual mailboxes and would have to save them to shared folders. That was a terrible process."
- **Security and compliance concerns.** Interviewees noted that security was a top priority and that their organizations needed a document management system that would help them stay compliant with rules and regulations, effectively manage access and retention policies, and efficiently complete audit work.

  The application specialist at a public sector organization said: "Obviously, compliance is really important for us. We have to have document management that meets legislative requirements and recommendations."
- **The need for a tool that is deeply integrated and can easily span different environments.** Each interviewee said their organization used Microsoft applications and wanted a platform that could integrate seamlessly and tie together Microsoft and non-Microsoft systems alike. The application specialist in the public sector explained, "The goal was to have a united

document management system for the entire organization."

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the six interviewees, and it 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 has 800 employees, most of whom are office/knowledge workers, and $400 million in annual revenue.

Deployment characteristics. M-Files is the composite organization's document and information management system, replacing a legacy document and information management system. The composite organization uses Microsoft applications both before and after implementing M-Files.

The composite implements the hybrid version of M-Files over six months with assistance from M-Files' implementation and advisory services. All 800 employees are M-Files users, and the organization manages 3 million documents on the platform. M-Files is integrated with the composite organization's network files, CRM and ERP systems, and Microsoft ecosystem.

Key Assumptions

- **800 employees**
- **$400 million in annual revenue**
- **3 million documents attached to M-Files**
- **Uses Microsoft applications before and after M-Files implementation**

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	Improved searching for documents and information	$1,404,000	$1,404,000	$1,404,000	$4,212,000	$3,491,540
Btr	Faster filing of documents	$760,500	$760,500	$760,500	$2,281,500	$1,891,251
Ctr	More efficient workflows	$135,363	$270,725	$541,450	$947,538	$753,596
Dtr	Improved compliance and security	$252,720	$252,720	$252,720	$758,160	$628,477
Etr	Revenue uplift from better documentation procedures	$160,000	$160,000	$160,000	$480,000	$397,896
Ftr	Decommissioned legacy systems	$135,000	$135,000	$135,000	$405,000	$335,725
	Total benefits (risk-adjusted)	$2,847,583	$2,982,945	$3,253,670	$9,084,198	$7,498,485

IMPROVED SEARCHING FOR DOCUMENTS AND INFORMATION

Evidence and data. M-Files' metadata approach and contextual search capabilities allowed employees to locate documents and information more quickly. At interviewees' organizations, on average, it took employees 50% less time to search due to M-Files. Interviewees explained that their organizations experienced better searching across all documents no matter where they were located, as M-Files tied together both Microsoft and non-Microsoft systems. M-Files searches can be federated to include results from connected external repositories, including network folders, SharePoint, file-sharing services, etc. Other federated search solutions can also use M-Files as a data source.

- Interviewees said that with M-Files, documents were located based on their content and associated metadata. Employees saw more relevant results and ultimately saved significant amounts of time due to the approach of searching for a file based on what it was rather than where it was in a folder structure.

"Compared to our prior environment, searching is night and day. With M-Files, you're able to view the same documents or objects from different viewpoints. That's extremely beneficial. Something that could have taken hours to find can now take minutes."

CIO, consulting

- The business analyst at a professional services organization described how searching with M-Files was superior to using a traditional and often difficult-to-navigate folder structure: "Previously, [when] doing just one search in the network folders, you'd be clicking in and out, up and down, everywhere. … For searching, M-Files

is incredibly beneficial. I think you can be talking anywhere between 100% and 300% time savings."

- The CIO at a consulting organization described how searching became easier with M-Files given the classification and context available with the platform: "M-Files reduces the amount of time people need to spend searching for something. Metadata makes search extremely powerful because documents are classified better and stored in the system with additional information. It's easier to find them."
- Different employees arrived at documents by using the metadata or information that was most relevant to them, allowing for searching and locating that was tailored to the individual user. For example, one interviewee explained that for a particular type of document, researchers tended to search by subject matter, while consultants usually sought the same document based on client name.
- Interviewees shared that M-Files enabled more efficient searching for documents of all types and searches of varying complexity. Interviewees said that in some cases, searches that used to take hours now only take minutes.

Searching for documents and information

50% faster

"The M-Files approach is using metadata to create a virtual folder structure so a document can't exist in many different places at once and then very tightly linking that metadata to document permissions. That seems to us to be kind of the winning future of how documents are managed."

CTO, financial services

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

- 800 employees are M-Files users. Prior to using M-Files, each spent an average of 3 hours per week searching for documents and information.
- Thanks to M-Files, employees save 50% of their time spent on searching for documents and information.
- The average fully burdened salary of an employee is $50 per hour.
- The productivity recapture rate for employees is 50%. This means employees convert 50% of their saved time into productive time.

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

- The organization's number of employees and how much time they spend searching for documents and information.
- The volume and type of documents being searched for and how well they are organized prior to M-Files.
- The organization's search tools and approaches in place before using M-Files.

- Employee adoption of M-Files and search approaches based on information, context, and metadata.
- The average fully burdened salaries of employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.5 million.

Improved Searching For Documents And Information

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	M-Files users	Composite	800	800	800
A2	Average time per week spent searching for documents and information (hours)	Composite	3	3	3
A3	Improvement in searching for documents and information with M-Files	Interviews	50%	50%	50%
A4	Time saved per employee per week due to better searching (hours)	A2*A3	1.5	1.5	1.5
A5	Total employee time saved organization-wide per year (hours)	A1*A4*52	62,400	62,400	62,400
A6	Productivity recapture	TEI Standard	50%	50%	50%
A7	Average fully burdened salary of an employee	TEI Standard	$50	$50	$50
At	Better searching for documents and information	A5*A6*A7	$1,560,000	$1,560,000	$1,560,000
	Risk adjustment	↓10%			
Atr	Better searching for documents and information (risk-adjusted)		$1,404,000	$1,404,000	$1,404,000
	Three-year total: $4,212,000			**Three-year present value: $3,491,540**	

FASTER FILING OF DOCUMENTS

Evidence and data. M-Files made the process of filing new documents faster by largely automating the task of attaching metadata tags and file names as well as getting the documents in the correct queue. Interviewees who could quantify this benefit said M-Files led to average time savings of 65% when filing a document. In addition to time savings, they said M-Files better ensured the consistency and accuracy of the filing process. Interviewees also emphasized that M-Files was well-integrated with their organizations' Microsoft environments and that employees could seamlessly file with M-Files from Microsoft applications such as Word, Excel, and Outlook.

"A value of M-Files is improvement in our discipline around filing important documents. And, because so much of it is automated and because the documents end up right in a queue for them to complete, it only takes a couple of minutes per document now."

CTO, financial services

- More efficient filing with M-Files ultimately saved several minutes of employee time per document because, as the CTO in financial services explained, “So much of the process is automated, and the documents end up right in a queue for employees to complete.”
- Beyond the time savings, interviewees reported improved consistency and accuracy around filing. For example, rules could be set in M-Files to automatically name certain types of files and ensure uniform naming conventions instead of relying on employees. Moreover, the organizations could specify certain metadata fields as mandatory. The CIO in consulting summarized, “When a document is stored in M-Files, it’s classified correctly.”
- Interviewees explained that M-Files paired well with their organizations’ Microsoft ecosystems. For example, the head of records management at a public sector firm said: “The integration with Outlook is working well. You can quickly save emails and attachments to M-Files. It’s really easy.” The CTO in financial services added: “M-Files very efficiently gets the document into the right place. … The Outlook plugin helps you file attachments from Outlook to M-Files.”
- One interviewee said their organization saw that documents needing to be filed arrived in large volumes in short periods of time as opposed to being spread out evenly throughout the year. The interviewee noted that M-Files ably handled such influxes and had the added benefit of helping prevent employee burnout.

“That integration with Outlook, Word, and Excel lets us put documents straight into M-Files, saving time and effort. The employee tells M-Files what it is, and M-Files names the document for them. So, we get that standardization across file names.”

Business analyst, professional services

Filing of documents

65% faster



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

- There are 400 employees who file documents. On average, each of these employees files 15 documents per week.
- Prior to using M-Files, it would take 10 minutes to file these documents.
- Due to M-Files, documents are filed 65% faster.
- The average fully burdened salary of an employee is $50 per hour.
- The productivity recapture rate for employees is 50%. Employees convert 50% of hours saved into productive time.

Risks. The benefit of the faster filing of documents will vary based on:

- The number and type of documents being filed.
- The filing processes and how long it takes to file documents prior to using M-Files.

- The average fully burdened salaries of employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1.9 million.

Faster Filing Of Documents					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Users who file documents	Composite	400	400	400
B2	Average number of documents filed per week	Composite	15	15	15
B3	Average time to file a document before using M-Files (minutes)	Composite	10	10	10
B4	Improvement in filing documents with M-Files	Interviews	65%	65%	65%
B5	Total employee time saved organization-wide (hours)	((B1*B2*B3*B4)/ 60)*52	33,800	33,800	33,800
B6	Productivity recapture	TEI Standard	50%	50%	50%
B7	Average fully burdened hourly salary of an employee	TEI Standard	$50	$50	$50
Bt	Faster filing of documents	B5*B6*B7	$845,000	$845,000	$845,000
	Risk adjustment	↓10%			
Btr	Faster filing of documents (risk-adjusted)		$760,500	$760,500	$760,500
	Three-year total: $2,281,500			**Three-year present value: $1,891,251**	

MORE EFFICIENT WORKFLOWS

Evidence and data. In addition to saying that M-Files makes tasks like searching and filing faster, interviewees also provided several examples of how the platform makes business workflows more efficient. Improvements due to M-Files varied, ranging from one workflow that saw 50% less employee time to multiple workflows that became fully automated.

- Examples of workflows that took less time or became fully automated with M-Files include those related to contracts, certificates, procurement, HR, performance reports on projects, and others entailing sending various documents internally or externally.

"The workflows we've used [with M-Files] and the automation there far exceed what we ever expected to be able to do with a document management system."

Systems developer, professional services

- The CIO of a consulting firm explained how M-Files helped orchestrate workflows: "Employees don't have to go find documents. And no one has to say: 'It's here. I'm assigning this to you.' It's all automated and much more efficient, and people have a centralized assignments list. That definitely saves time on the front and back end."
- Interviewees also reported improved collaboration with M-Files. They said they view this as closely related to more efficient workflows, which often entailed colleagues working in concert and needing easy access to documents and information. Interviewees also noted that with M-Files, it became easier to share documents with internal and external parties.
- The business analyst with the professional services organization detailed some of the improved collaboration experienced with M-Files: "There was a lot of time and effort in managing documents between different teams — teams hunting for documents. Now, all the business knows those go directly into M-Files. You don't need to hound colleagues. You can self-serve. Lots of chasing has all gone away. … You can also easily share a document using M-Files."
- Several interviewees also highlighted the usefulness of version control in M-Files for both solo and collaborative work over time, particularly since their organizations did extensive work in Microsoft applications.

More efficient workflows

70% faster



"In terms of the Microsoft 365 applications and storing Microsoft 365 application documents in M-Files, the benefits are version control and an ability to see the whole history. It's very easy to compare the versions."

CTO, financial services

- In addition to time savings, M-Files also improved the visibility and understanding of different stages of the workflow process. The business analyst with the professional services organization explained: "In the past, there had been quite a few sore points between teams. But now, with M-Files, it's absolutely clear who has the report, who's responsible for taking the next action, and how long the report has been waiting. It's very clear who has the ball because of the status."
- Using M-Files for workflows tended to increase over time, as the organizations found additional M-Files use cases for specific processes in which a document goes through different stages and multiple hands.

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

- The composite uses M-Files for one workflow in Year 1. This usage increases to two workflows in Year 2 and to four workflows in Year 3.
- There are 350 instances of each workflow per week.
- Prior to using M-Files, each instance of these workflows required 30 minutes of employee time.

- Due to M-Files, these workflows take 70% less employee time to complete.
- The average fully burdened salary for an employee is $50 per hour.
- The productivity recapture rate for employees is 50%. Employees convert 50% of hours saved into productive time.

Risks. The benefit of more efficient workflows will vary based on:

- The number and types of workflows and how often they occur.
- The amount of employee time a workflow requires on average prior to using M-Files.
- The optimization and automation applied to workflows prior to using M-Files.
- The number of workflows for which M-Files is used.
- The average fully burdened salaries of employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $753,600.

More Efficient Workflows

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Workflows for which M-Files is used	Composite	1	2	4
C2	Instances of each workflow per week	Composite	350	350	350
C3	Weekly instances of workflows for which M-Files is used	C1*C2	350	700	1,400
C4	Average employee time to complete instance of workflow before using M-Files (minutes)	Composite	30	30	30
C5	Improvement in completing workflow with M-Files	Interviews	70%	70%	70%
C6	Total employee time saved organization-wide (hours)	((C3*C4*C5)/60) *52	6,370	12,740	25,480
C7	Productivity recapture	TEI Standard	50%	50%	50%
C8	Average fully burdened hourly salary of an employee	TEI Standard	$50	$50	$50
Ct	More efficient workflows	C6*C7*C8	$159,250	$318,500	$637,000
	Risk adjustment	↓15%			
Ctr	More efficient workflows (risk-adjusted)		$135,363	$270,725	$541,450
	Three-year total: $947,538			**Three-year present value: $753,596**	

IMPROVED COMPLIANCE AND SECURITY

Evidence and data. Interviewees said M-Files improved their organizations' security and helped them stay compliant with important rules and regulations, avoid data breaches, and manage document access and retention policies. In terms of benefits they could clearly quantify, interviewees reported less work related to managing the compliance and retention rules for documents and an average reduction of 20% in internal labor dedicated to audit work.

- Interviewees indicated confidence in the security and compliance provided by M-Files, and they said that set M-Files apart from other options their organizations considered. The head of records management in the public sector said: "We have legislative requirements and need a document management system that meets those. That's one reason we chose M-Files — it's quite tough to find suppliers that meet the requirements." The business analyst in professional services added, "M-Files definitely makes us more compliant and secure."
- Several interviewees said complying with various rules and regulations, including General Data Protection Regulation (GDPR), was a priority for their organization and that M-Files made it considerably easier.

"M-Files is helping us meet our regulatory requirements, which keeps us in the top quartile of our industry for regulation, and [M-Files] also saves internal auditors considerable time."

Business analyst, professional services

"M-Files provides good lifecycle management for our documentation, a secure way to share it, and a compliant way to store it. M-Files makes the retention and security policies a lot easier and automated. It's a key part of our content management."

Application specialist, public sector

- M-Files also saved the employee time needed to manage documents. The application specialist in the public sector said: "M-Files makes it so our users don't have to actually manually click all the compliance rules or retention policies. They are automated behind the scenes when they save the documents. This obviously saves time."
- The head of records at the same organization added: "Access rights and retention periods come from our data management plan integrated to M-Files. It's easy and automated." The business analyst in professional services said: "No ifs, no buts, no sign-offs, no chats: The document is automatically deleted if we are not allowed to keep it [anymore]. That has replaced a manual check."
- Auditors at interviewees' organizations also saved time with M-Files since it became easier to find and access documents, and certain documents could automatically be sent to the right auditors.
- The business analyst in professional services explained how M-Files made audits easier: "Our team just did an audit on certificates, and it was a breeze because we had four years of

documentation in M-Files. Literally everything they were looking for was in M-Files. It's a much nicer, easier process for them compared to having to go to network folders."

- Interviewees reported that the security and compliance capabilities with M-Files covers Microsoft systems and applications as well as those outside Microsoft systems.
- The application specialist in the public sector explained how M-Files helped reduce the chance of a data breach: "Many times, security breaches are caused by human error. We use metadata, and we have that automated data plan behind everything. It minimizes human error when we have the correct information in the correct place without too broad of access rights. … M-Files for sure makes data breaches a lot tougher."

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

- There are 312,000 new documents each year.
- Two minutes of employee time per document is saved due to M-Files automating security and compliance needs.
- Two full-time equivalents (FTEs) are dedicated to audits.
- These FTEs save 20% of their time due to M-Files.
- The average fully burdened salary of an employee is $50 per hour.
- The productivity recapture rate for employees is 50%. Employees convert 50% of hours saved into productive time.

"I think M-Files, because of the way that things are structured and because of the integration with Microsoft and Azure AD, has helped reduce the impact of a data breach. The way that everything is structured makes us more secure."

CIO, consulting

Risks. The benefit of improved compliance and security will vary based on:

- The number of incoming documents, their compliance and security needs, and the amount of time it took to manage them prior to using M-Files.
- The number of auditors.
- The rules and regulations relevant to the organization.
- The average fully burdened salaries of employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $628,500.

Improved Compliance And Security					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	New documents	B1*B2*52	312,000	312,000	312,000
D2	Time saved handling document due to automating security and compliance with M-Files (minutes)	Interviews	2	2	2
D3	Subtotal: Total employee hours saved per year at organization due to automation of security and compliance with M-Files	(D1*D2)/60	10,400	10,400	10,400
D4	Employee time dedicated to audits (hours)	Composite	4,160	4,160	4,160
D5	Improvement in completing internal audit work with M-Files	Interviews	20%	20%	20%
D6	Subtotal: Total employee time saved organization wide due to more efficient audits (hours)	D4*D5	832	832	832
D7	Productivity recapture	TEI Standard	50%	50%	50%
D8	Average fully burdened hourly salary of an employee	TEI Standard	$50	$50	$50
Dt	Improved compliance and security	(D3+D6)*D7*D8	$280,800	$280,800	$280,800
	Risk adjustment	↓10%			
Dtr	Improved compliance and security (risk-adjusted)		$252,720	$252,720	$252,720
	Three-year total: $758,160			**Three-year present value: $628,477**	

REVENUE UPLIFT FROM BETTER DOCUMENTATION PROCEDURES

Evidence and data. In addition to benefits resulting from more efficient processes, M-Files also supported revenue uplift at interviewees' organizations. In particular, one interviewee was able to quantify a revenue uplift due to better documentation procedures with M-Files.

- The CIO in consulting summarized, "M-Files helps make sure that we have the documentation, that we have the signed proposals."
- The same interviewee explained that prior to using M-Files, the organization occasionally lacked the proper documentation of client payment agreements. Although representing only a small percentage of the total business, it added up and prevented the collection of those payments.
- With M-Files, documentation became more consistent, organized, and locatable. This allowed employees to understand exactly how much they were owed, collect the correct amount, and ultimately bring in more revenue.
- While other interviewees could not directly quantify a revenue uplift due to M-Files, they noted that better document management with M-Files did support making better business decisions at times. For example, the systems developer in professional services said: "With M-Files to better manage the documents with things like who needs to see them and the

security put in place — sometimes we make better decisions because of that."

- Interviewees noted that M-Files made their organizations more compliant, which helped them avoid fines, negative findings, or ratings downgrades. They observed that those events that M-Files helps their organizations avoid would negatively impact business and, ultimately, revenue generation.

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

- Annual revenue is $400 million.
- The amount of revenue that goes uncollected because of a problem related to lack of documentation is 0.5%.
- Due to better documentation procedures with M-Files, 10% of that previously uncollected revenue is now collected.

Risks. The benefit of revenue uplift from better documentation procedures will vary based on:

- The organization's annual revenue and the percentage of revenue that goes uncollected due to lack of documentation.
- The organization's documentation practices in place prior to using M-Files.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $397,900.

"I have employees that come from different companies all the time. They're like, 'Wow, I've never seen anything like M-Files before. This is really good.' Some actually reached out and recommended it to their prior colleagues."

CIO, consulting

Revenue Uplift From Better Documentation Procedures

Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Revenue	Composite	$400,000,000	$400,000,000	$400,000,000
E2	Uncollected revenue due to poor documentation	Interviews	0.5%	0.5%	0.5%
E3	Improvement in collecting this revenue due to M-Files	Interviews	10%	10%	10%
Et	Revenue uplift from better documentation procedures	E1*E2*E3	$200,000	$200,000	$200,000
	Risk adjustment	↓20%			
Etr	Revenue uplift from better documentation procedures (risk-adjusted)		$160,000	$160,000	$160,000
	Three-year total: $480,000			**Three-year present value: $397,896**	

DECOMMISSIONED LEGACY SYSTEMS

Evidence and data. Before using M-Files, interviewees' organizations most often used a legacy document management solution which lacked the functionality of M-Files. Since M-Files' capabilities covered what these solutions did, the legacy systems became unnecessary and were decommissioned.

Modeling and assumptions. Forrester assumes the composite organization saves $150,000 per year by decommissioning legacy systems after the implementation of M-Files.

Risks. The benefit of decommissioned legacy systems will vary based on:

- The costs of the legacy systems.
- The amount of time needed to decommission legacy systems.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $335,700.

Decommissioned Legacy Systems

Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Cost of decommissioned legacy systems	Interviews	$150,000	$150,000	$150,000
Ft	Decommissioned legacy systems	F1	$150,000	$150,000	$150,000
	Risk adjustment	↓10%			
Ftr	Decommissioned legacy systems (risk-adjusted)		$135,000	$135,000	$135,000
	Three-year total: $405,000			**Three-year present value: $335,725**	

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Enhanced consistency and productivity with templates.** Interviewees' organizations used document templates in M-Files, which led to time savings and greater consistency. The CIO in consulting said: "Templates within the M-Files environment are a great value add. … We've saved considerable man hours."

  Interviewees described the templates in M-Files as straightforward and easily generated from applications such as Word. They said employees used templates to create documents pertaining to procurement, HR, and legal matters.

- **Effective remote work.** Interviewees explained that since M-Files can be accessed from many types of devices and simply require an internet connection, the platform supports remote work.

  In addition to using M-Files while working from home, the business analyst in professional

"M-Files supports remote work perfectly. And the mobile app is great on the go."

Application specialist, public sector

services highlighted the use of the M-Files mobile app at remote work sites: "[Some employees] use M-Files on their mobile phone when out on-site. They can take pictures of documents while with the customer. And those documents are then visible to colleagues as soon as they've saved it. ... The app has been really beneficial."

- **Integration with other systems.** Interviewees said M-Files can easily be integrated with other systems, such as CRM and ERP systems, client portals, network files, and various document tools. Content was then governed by M-Files' metadata structure and benefited from workflows, automation, user permissions, and other M-Files features that drove efficiency.

  Each interviewee said their organization integrated M-Files with its Microsoft ecosystem, and they emphasized that the integration was working well and beneficial to their organizations. M-Files is accessible from the Microsoft ribbon, which allows employees to use their Microsoft applications with ease while also experiencing the benefits of M-Files.

- **Improved customer experience.** Interviewees provided several instances of M-Files supporting improved customer experience that were often related to faster services and more user-friendly processes. For example, faster filing led to fewer missed deadlines while better searching reduced the cycle time to answer a client question, and digitization replaced some cumbersome customer-facing processes that were still paper-based.

  Multiple interviewees noted there are also benefits to customers from connecting M-Files to client portals and being able to easily share documents. The CIO in consulting said: "The ability to share a document externally using a link is extremely beneficial. And having the capability to connect M-Files with our client portal is also very beneficial."

- **Support from the M-Files team.** All interviewees said they are happy with their organization's M-Files account team and the support they receive from it. The CTO in financial services summarized: "For the last scorecard, we rated M-Files an A for support. The feedback is they've been very good."

  Interviewees noted they received support tailored to their companies. For example, one interviewee

"Integrated with M-Files, we have Teams, Outlook, and all the Office applications. We also have the SharePoint connector. We have a lot of internal applications integrated. … The integrations with other systems are very useful. The document data is stored in M-Files, but the integrations are something that really provide extra value for us."

Application specialist, public sector

"I think the M-Files team is excellent. They check in quite often with us to see how we're doing. They know what we're working on strategically. They've always been incredibly helpful."

Systems developer, professional services

described working with the M-Files team to make automation around metadata and search the most pertinent for their organization.

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:

- **New use cases over time.** Interviewees said M-Files is versatile and that their organizations could easily expand use cases over time. These efforts would be even more feasible because M-Files actively develops and improves the platform. For example, the CIO in consulting said, “Seeing M-Files further develop integrations to things such as [Microsoft] Teams really opens up a lot of different opportunities.”

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**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Gtr	M-Files licensing, hosting, implementation, and professional services costs	$0	$617,400	$529,200	$529,200	$1,675,800	$1,396,224
Htr	Internal costs for implementation and ongoing management	$0	$330,000	$132,000	$132,000	$594,000	$508,264
	Total costs (risk-adjusted)	$0	$947,400	$661,200	$661,200	$2,269,800	$1,904,488

M-FILES LICENSING, HOSTING, IMPLEMENTATION, AND PROFESSIONAL SERVICES COSTS

Evidence and data. Interviewees' organizations paid M-Files for licensing, hosting, implementation, and professional services.

- Interviewees' organizations paid these costs according to the number of M-Files users and functionality.
- Costs were customized given the needs of each organization. Interviewees said M-Files has a large selection of modules and add-ons to choose from and that their organizations selected those in accordance with their needs for a more configured solution.
- The M-Files' implementation could be cloud, on-premise, or hybrid. All three types were represented among interviewees.

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

- The composite pays $420,000 per year for licensing and hosting.
- The composite pays $168,000 for professional services in Year 1 and $84,000 in years 2 and 3.
- Pricing may vary. Contact M-Files for additional details.

Risks. The costs to M-Files for licensing and services will vary based on:

- Customer-specific pricing.
- The organization's number of users and functionality.
- The organization's desired level of implementation and advisory services.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $1.4 million.

M-Files Licensing, Implementation, And Professional Services Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
G1	Licensing and hosting	Interviews	$0	$420,000	$420,000	$420,000
G2	Professional services	Interviews	$0	$168,000	$84,000	$84,000
Gt	M-Files licensing, implementation, and professional services costs	G1+G2	$0	$588,000	$504,000	$504,000
	Risk adjustment	↑5%				
Gtr	M-Files licensing, implementation, and professional services costs (risk-adjusted)		$0	$617,400	$529,200	$529,200
	Three-year total: $1,675,800			**Three-year present value: $1,396,224**		

INTERNAL COSTS FOR IMPLEMENTATION AND ONGOING MANAGEMENT

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, on average, one FTE was dedicated to managing the platform.

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

- The composite dedicates 2.5 FTEs to implementation and management of M-Files in Year 1, and this is reduced to one FTE in years 2 and 3.
- The average fully burdened salary for an employee involved in implementation and management of M-Files is $120,000 per year.

Risks. The internal costs for implementation and outgoing management will vary based on:

- The average annual fully burdened salary of FTEs involved in implementation and ongoing management.
- The skill sets of the FTEs.
- The scope of the organization's implementation and adoption.

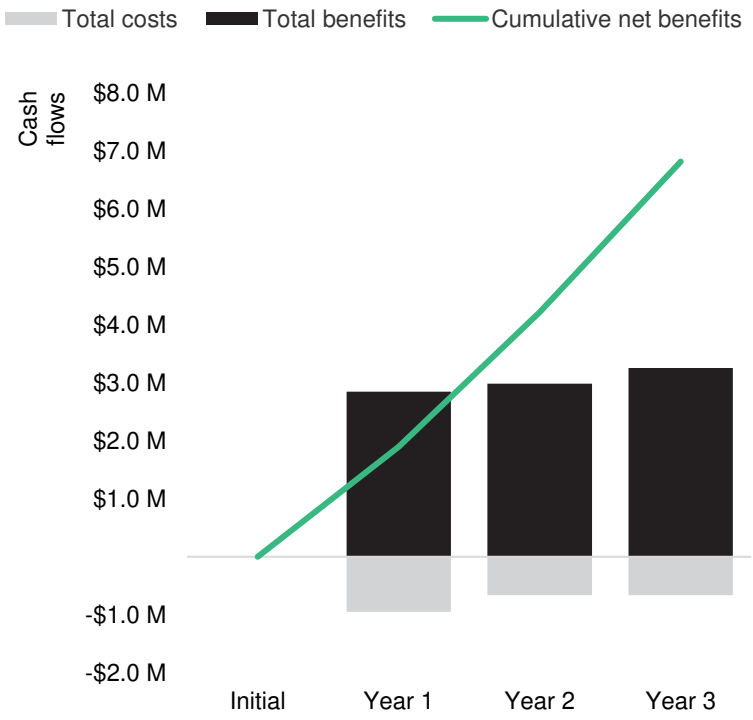
Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $508,300.

Internal Costs For Implementation And Ongoing Management						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
H1	FTEs involved in implementation and ongoing management	Interviews	0	2.5	1	1
H2	Average fully burdened annual salary of an FTE involved in implementation and ongoing management	Composite	$0	$120,000	$120,000	$120,000
Ht	Internal costs for implementation and ongoing management	H1*H2	$0	$300,000	$120,000	$120,000
	Risk adjustment	↑10%				
Htr	Internal costs for implementation and ongoing management (risk-adjusted)		$0	$330,000	$132,000	$132,000
	Three-year total: $594,000			**Three-year present value: $508,264**		

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)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	$0	($947,400)	($661,200)	($661,200)	($2,269,800)	($1,904,488)
Total benefits	$0	$2,847,583	$2,982,945	$3,253,670	$9,084,198	$7,498,485
Net benefits	$0	$1,900,183	$2,321,745	$2,592,470	$6,814,398	$5,593,997
ROI						294%

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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