



Vendor Vignette

M-Files

M-Files is an end-to-end platform for knowledge work automation that provides an innovative “no-folders” approach to document and knowledge management. It is positioned to work alongside Microsoft document management environments and could grow substantially if it can also take advantage of the artificial intelligence (AI) boom by becoming an essential platform in knowledge-based AI automation projects.

Founded 1987 | HQ Austin, TX | 650 employees (approx.) September 2024



The Company

M-Files was founded in 1987 in Tampere, Finland by Antti Nivala, the current CEO. The company raised \$147 million over five funding rounds, and in August 2024 private equity firms Haveli Investments and Bregal Milestone took a majority stake in the company.

M-Files has acquired four companies:

- French consulting services firm StreamDesign
- Canadian AI & NLP firm Apprento
- French collaboration firm Hubshare
- Finnish document automation firm Ment

The company is headquartered in Austin, Texas, and has around 650 employees. It reported that it reached an ARR of \$100 million in 2023 and that the company is profitable.



The Technology

M-Files is an end-to-end platform for knowledge work automation with capabilities including built-in workflows, Ment for no-code document automation, and Hubshare for document collaboration (see Figure 1). However, this report is focused on the core platform capabilities related to document and information management. Though this platform is a broad-based document management system that can be used in any industry, it is most commonly used in professional and financial services such as insurance brokers, wealth management, and tax advisory where highly sensitive, high-risk client information files form the basis for knowledge work. Other focus industries include manufacturing, energy, and utilities.

There are countless document and knowledge management products on the market, and quite frankly they are all pretty similar. M-Files, however, stands out from the crowd with a quite differentiated approach to the traditional, but essential, need to manage enterprise files and data. In short, M-Files does not pivot its platform around the use or concept of folders. Think of it this way: digital document management systems were designed to mimic paper-based filing systems, hence virtually every document management system uses the concept of folders at its core. From a practical standpoint, that means such systems depend on folder structures that need to be created and maintained over time. M-Files does away with the folder concept entirely and bases its system solely on the metadata associated with each individual file.

To bring order to what would otherwise be chaos, M-Files largely automates the generation of metadata to both classify each file and place it in the relevant business context, then builds a semantic index from that data. This approach is very similar to (though predates) the concept of a knowledge graph, and as such it has the potential to position M-Files customers to safely and securely accelerate AI ambitions that depend on managed unstructured data. This is because M-Files aims to provide a single source of truth – aggregating, managing, and securing data from multiple structured and unstructured sources – and automates the classification, search, and compliance of that data. This all ties directly to the explosion of interest in enterprise AI, and in particular retrieval augmented generation (RAG). M-Files combines both semantic vectors and the metadata the system has generated and manages to enable the filtering of data for both similarity and context. M-Files also provides its own generative AI capabilities in the form of an

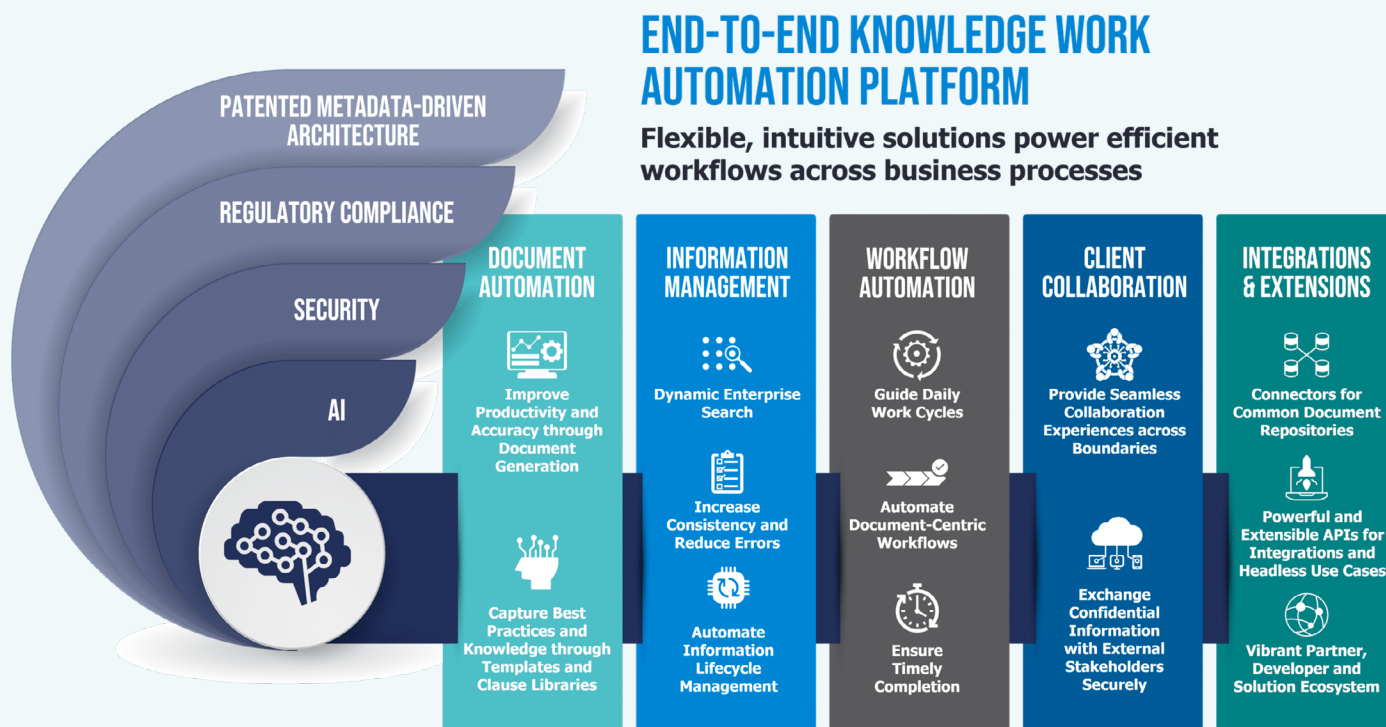
AI assistant called Aino that enables interacting with all content using natural language.

Finally, it's worth noting that by any definition M-Files is Microsoft-centric, since virtually all of its customers use it to enhance their existing SharePoint, Teams, and M365 applications. The platform is delivered as a SaaS solution in the Microsoft Azure cloud and available through the Azure Marketplace. Clients can choose self-hosting in any environment or a hybrid structure, and M-Files can connect to non-Microsoft applications including network drives, Salesforce, and SAP.

Our Opinion

M-Files provides a novel and innovative alternative to document and knowledge management through its no-folders approach. Even so, it is a reassuringly practical, straightforward to use, and well-thought-through ECM platform. We particularly like the fact that M-Files is not sold as a replacement for existing Microsoft document management environments; rather, it is positioned to augment and work alongside them. Over the coming few years M-Files will likely expand its reach by taking advantage of the AI boom and positioning itself as an essential platform in knowledge-based AI automation projects.

Figure 1
M-Files Knowledge Work Automation Platform



It's not alone there, as other firms like Box and Hyland have similar ambitions, but there is more than enough growth potential, and combined with its deep roots in the Microsoft ecosystem, M-Files has a chance to grow substantially.



Advice to Buyers

If your organization focuses heavily on document-based knowledge work, then M-Files should certainly be on your shortlist. Similarly, if your organization is struggling with compliance issues generated by the uncontrolled use of M365 and/or SharePoint, M-Files is an obvious contender to bring order to the chaos.



SOAR Analysis

Strengths

- Well established with a strong customer base
- Deep relationship with Microsoft

Opportunities

- Enterprise adoption of AI may drive new demand
- Bringing order to out-of-control Microsoft deployments

Aspirations

- Substantially grow its global business
- Become the leader in knowledge work automation

Results

- Achieved \$100 million in ARR
- Over 5,000 customers

About Deep Analysis

We Research Innovation



Deep Analysis is an advisory firm that helps technology vendors, buyers, and investors understand and address the challenges of innovative and disruptive technologies in the enterprise software marketplace.

The firm's work is built on decades of experience advising and consulting to global technology firms large and small, from SAP, Oracle, and HP to countless start-ups.

Led by Alan Pelz-Sharpe, Deep Analysis works with technology vendors, buyers of enterprise technology, and investors in the ECM and enterprise automation market to improve their understanding of the information management technology landscape and provide actionable guidance.

Deep Analysis' timely book, "Practical Artificial Intelligence: An Enterprise Playbook," outlines strategies for organizations to avoid pitfalls and successfully deploy AI.

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