



20% of Software Budgets Wasted on Unnecessary Business Complexity, Freshworks Survey Finds

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New research identifies the "growth tax" on companies due to enterprise software-induced complexity, which drains millions of dollars and costs employees nearly a full workday each week in lost productivity
SAN MATEO, Calif., Nov. 10, 2025 (GLOBE NEWSWIRE) -- As businesses expand their technology stacks and operational processes, they face a hidden but pervasive challenge: complexity. A new report from **Freshworks Inc.** (NASDAQ: FRSH) has calculated exactly what that complexity costs.

The Cost of Complexity Report, based on a global survey of 700 professionals across IT, customer experience (CX), finance, and operations, highlights the three areas where complexity causes the most damage to a business: revenue, employee productivity, and morale.

The Freshworks report shows that software itself has become a primary drag on bottom-line efficiency and top-line growth, finding that organizational and software complexity drains an average of 7% of annual revenue—a loss roughly equal to the size of a typical R&D budget, according to **EY**.

Business software is a leading source of this complexity, according to the report, with companies wasting \$1 out of every \$5 on software due to failed implementations, underused tools, and unexpected costs. While that's damaging enough, the broader economic impact is staggering. Across the U.S. economy, software complexity costs nearly \$1 trillion annually.

"For years, companies have been conditioned to believe complexity signals sophistication. Our research confirms what I've long believed—the very tools meant to help businesses move faster are now holding them back," says **Dennis Woodside, CEO of Freshworks**. "Organizations are realizing that complexity is a choice to grow slower than they should and that to compete, they must uncomplicate with urgency. The future belongs to those who remove friction, restore focus, and move faster toward their customers."

The Revenue Drain: 20% of Software Spend Lost to Complexity

The financial impact of software complexity extends far beyond the sticker price:

- More than half (53%) of companies admitted they haven't received the return on investment (ROI) they planned from their software.
- On average, one third (34%) of companies cite revenue leakage from software delays and missed business opportunities.
- Many leaders (43%) say implementations have gone over budget in the last 12 months, with another third (32%) saying vendor support wasn't helpful.

These inefficiencies can limit an organization's ability to reinvest in innovation and scale new initiatives. Over time, these hidden costs quietly erode momentum and slow organizational growth until the cumulative damage becomes impossible to ignore.

The Productivity Crisis: Nearly a Full Workday Lost Each Week

A major driver of this hit to ROI is lost productivity. New research shows that employees lose nearly seven hours every week—almost a full workday—to complicated processes and fragmented tools, directly eroding the bottom line.

Every day, workers are contending with:

- 15 different software solutions and four communication channels on average.
- Almost half (45%) say their team works in silos.
- Nearly two-fifths (37%) say their organization lacks a single source of truth.

This growing complexity across tools, processes, and systems hits CX and IT professionals the hardest. For CX teams, top frustrations include uncustomizable workflows (42%), toggling between too many tools (36%), and routine tasks taking too long (33%). For IT teams, top challenges are integrating with other systems (36%), siloed tools (32%), and clunky or outdated UX (28%).

"Complexity not only erodes the employee experience, but ultimately the customer experience as well. When people spend their energy managing systems instead of relationships, every customer interaction suffers," said **Mika Yamamoto, Chief Customer and Marketing Officer at Freshworks**. "Technology should empower people, not overwhelm them. When companies unify systems and processes, taking a people-first approach to eliminate complexity, teams can focus on what matters: building relationships that keep customers happy and businesses growing."

The Impact on Morale: 60% of Workers May Quit

Beyond lost time and efficiency, the productivity crisis is taking a serious toll on morale. The research found that when employees are bogged down by complexity and poor change management, the impact extends far beyond engagement. It drives turnover, amplifies burnout, and ultimately stalls growth.

- 60% of surveyed employees said they are at least somewhat likely to leave their organizations within the next year
- Primary drivers behind potential departures include organizational complexity (38%), complicated processes (30%), burnout (30%), and poor or difficult software (17%)
- Software implementations impact morale, with nearly one in five workers (17%) saying someone on their team quit or burned out because of an implementation in the past year.

This isn't just about people leaving their jobs—it's about organizations operating far below their potential. When employees are burned out by complexity, they can't show up for each other or their customers. Morale plummets, collaboration suffers, and the innovation that drives growth hinders to a halt. In today's competitive talent market, every departure disrupts momentum, weakens creativity, and erodes the shared knowledge that helps a business grow.

Moving Forward: Simplicity as a Business Strategy

The Cost of Complexity Report makes it clear that organizations can no longer afford to treat complex enterprise software as a normal cost of doing business. By rethinking their technology stacks and prioritizing simplicity, organizations can unlock real growth by optimizing budgets, recovering lost productivity, and improving employee morale.

To download the full report and take the quiz to understand your complexity archetype, visit <https://www.freshworks.com/cost-of-complexity-report/>.

Register for the Refresh Virtual Summit on November 18, 2025 to find out how industry leaders and Freshworks customers are using uncomplicated software solutions to accelerate their business growth: <https://www.freshworks.com/events/refresh-virtual-summit-2025>.

Cost of Complexity Methodology

Freshworks conducted a survey of 706 practitioners and decision-makers across six countries: the United States, the United Kingdom, India, France, Germany, and Australia. Respondents represented a wide range of organizational functions, including IT, customer experience (CX), marketing, finance, human resources (HR), and sales.

Participants came from organizations spanning multiple industries, such as retail, travel, entertainment, education, manufacturing, and government. To ensure representation across business scales, the sample included companies of varying sizes:

- Small: 10–250 employees
- Commercial: 250–500 employees
- Mid-size: 500–1,000 employees
- Large: 1,000+ employees

The average annual revenue of companies surveyed in a normal fiscal year was nearly \$3 billion USD. Freshworks also conducted 25 qualitative interviews with decision-makers such as chief information officers, chief technology officers, chief financial officers, and chief people officers.

About Freshworks

Freshworks Inc. builds uncomplicated service software that delivers exceptional customer and employee experiences. Our enterprise-grade solutions are powerful, yet easy to use, and quick to deliver results. Our people-first approach to AI eliminates friction, making employees more effective and organizations more productive. Nearly 75,000 companies, including Bridgestone, New Balance, Nucor, S&P Global, and Sony Music, trust Freshworks' customer experience (CX) and employee experience (EX) software to fuel customer loyalty and service efficiency. For the latest company news and customer stories, visit www.freshworks.com and follow us on [Facebook](#), [LinkedIn](#), and [X](#).

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