

REPORT

The Global Cost of Complexity

The hidden complexity tax on productivity, morale, and growth—and how businesses can find relief

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Technology is supposed to help us work more effectively and efficiently.

Instead, as businesses have expanded their technology stacks and operational processes, it's become tangled—too many tools, too many layers, too little clarity. The modern workplace is stretched thin by platforms that don't talk to each other, redundant processes that slow progress, and siloed systems that fragment focus. The result isn't sophistication—it's unnecessary complexity that erodes productivity, employee morale, revenue, and, ultimately, top-line growth.



\$1 out of every \$5

spent on total software costs lost to complexity

Every dollar lost to that complexity is a dollar not spent on growth. Organizational complexity accounts for 7% of total annual revenue loss for an average business, according to a new Freshworks global study. Software often is a root cause of this, with organizations, on an annual average, attributing \$1 out of every \$5 spent on total software costs lost to complexity. That's time, talent, and money that could instead be fueling innovation, customer experience, and expansion. This 7% loss equals the size of a typical R&D budget according to EY¹—effectively erasing innovation investment and slowing the pace of progress.

¹ "Top 500 R&D" study, EY

Freshworks' study reveals what many leaders already sense: Complexity doesn't just slow a business down—it hinders performance. It drains creativity, fragments collaboration, and limits the focus required for fast, confident decision-making. And while it may feel like an operational issue, complexity is ultimately a growth issue, tying up money and time that companies could have otherwise invested in product innovation, or a marketing campaign, or a new market, or a strategic hire.

Complexity also undermines employee morale. The effects of tool fatigue, confusion, inefficiency, and productivity loss ripple across every team, creating a hidden “complexity tax” that nibbles away at every dollar invested, every hour worked, and every customer interaction. When systems don't serve people, innovation and growth stall.

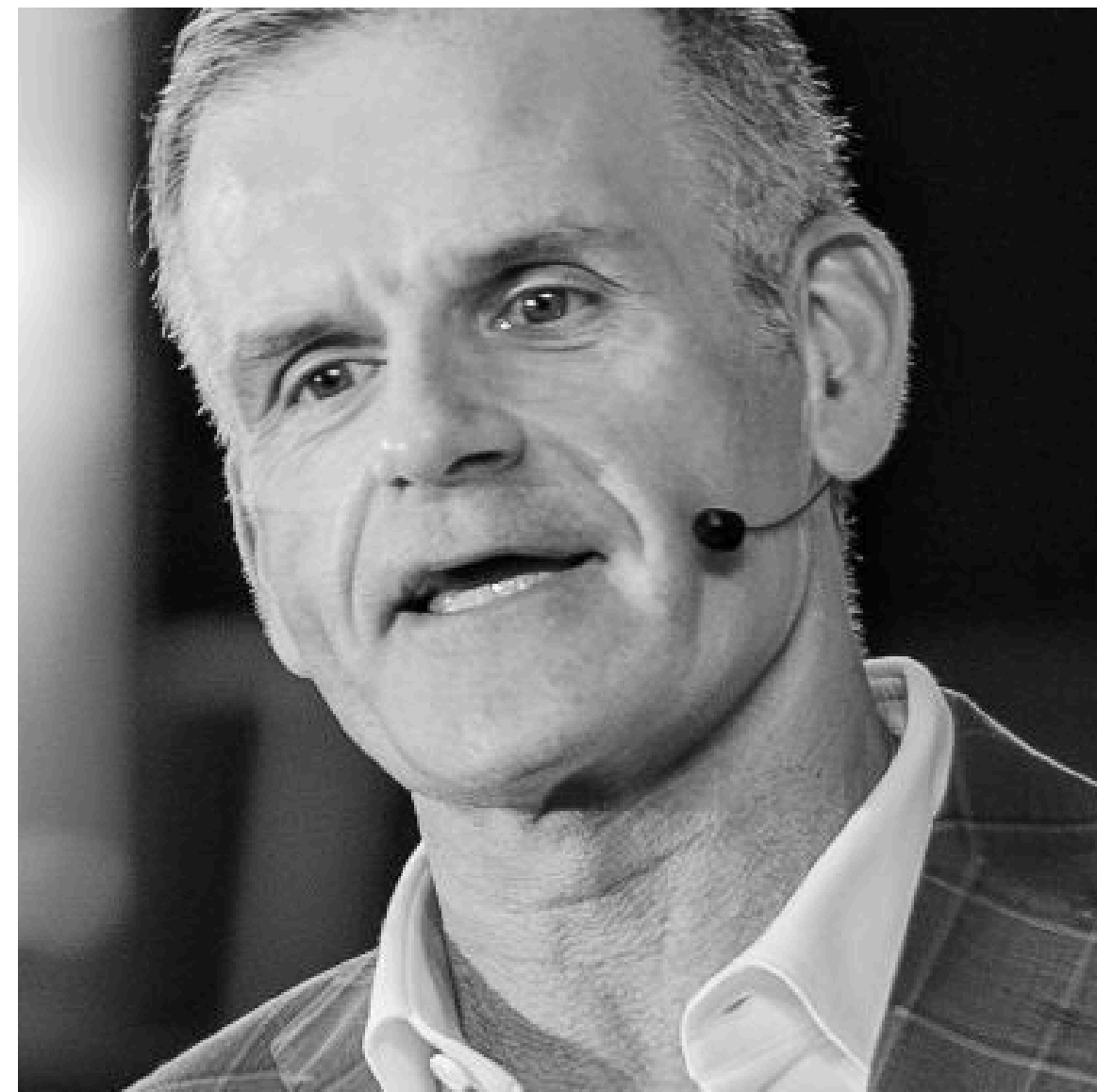


To see the other side of the story, consider what happens when companies uncomplicate. Organizations with high IT productivity deliver up to 35% higher revenue growth and 10% higher profit margins compared to their peers, McKinsey researchers found.² Simplifying systems and empowering people doesn't just remove barriers, it accelerates growth and energizes teams to deliver better experiences for customers and each other.

“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 you 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.”

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Dennis Woodside
CEO
Freshworks



Fortunately, there are ways to break free from complexity's grip. This report takes a closer look at how complexity undermines productivity, morale, and revenue—and how organizations can uncomplicate the way they work to drive growth, strengthen customer relationships, and create a more productive, and happier, workplace.

² McKinsey & Company, “How high performers optimize IT productivity for revenue growth: A leader's guide.”

PRODUCTIVITY AND REVENUE

How complexity suppresses growth

Organizational chaos is quietly
draining your bottom line

As organizations race to realize a return on investment (ROI) from their software spend, many are running into complexity roadblocks that impede productivity. Legacy systems, disparate platforms, and sealed-off data silos make it nearly impossible to arrive at a single source of truth, limiting the possibility for collaboration and growth.

6.8

Hours lost to
complexity every
week per employee

7%

Annual revenue loss
due to organizational
complexity

\$1

Out of every \$5
is wasted due to
complexity

It's so bad that one U.K.-based e-commerce business called their convoluted tech stack "Medusa"—one with many unruly heads that "bite back when they don't work." Poor integrations had left the company's teams with tools that told conflicting stories. "We spend all of our energy to make sense of the numbers instead of acting on them," says the company's head of product.

That wasted energy has a measurable cost. On average, employees lose 6.8 hours per week to complexity—nearly a full workday—according to the Freshworks survey. Across a large enterprise, that's thousands of hours every month that could have been reinvested in growth.

Delayed software implementations, underutilized tools, and inconsistent onboarding create what survey respondents call "regret spend." Companies estimate that \$1 out of every \$5 spent on software is consumed by these obstacles. Every delayed project or unused feature is growth potential deferred. Worse, unrealistic vendor sales pitches lead to costly upgrades and extended timelines that tie up IT resources for months. That leaves ROI frustratingly elusive, with 53% of organizations failing to achieve their expected returns. Complexity doesn't just waste budget, it weakens teams' ability to do more and prevents the organization from reinvesting in new markets, innovation, and customer experience.

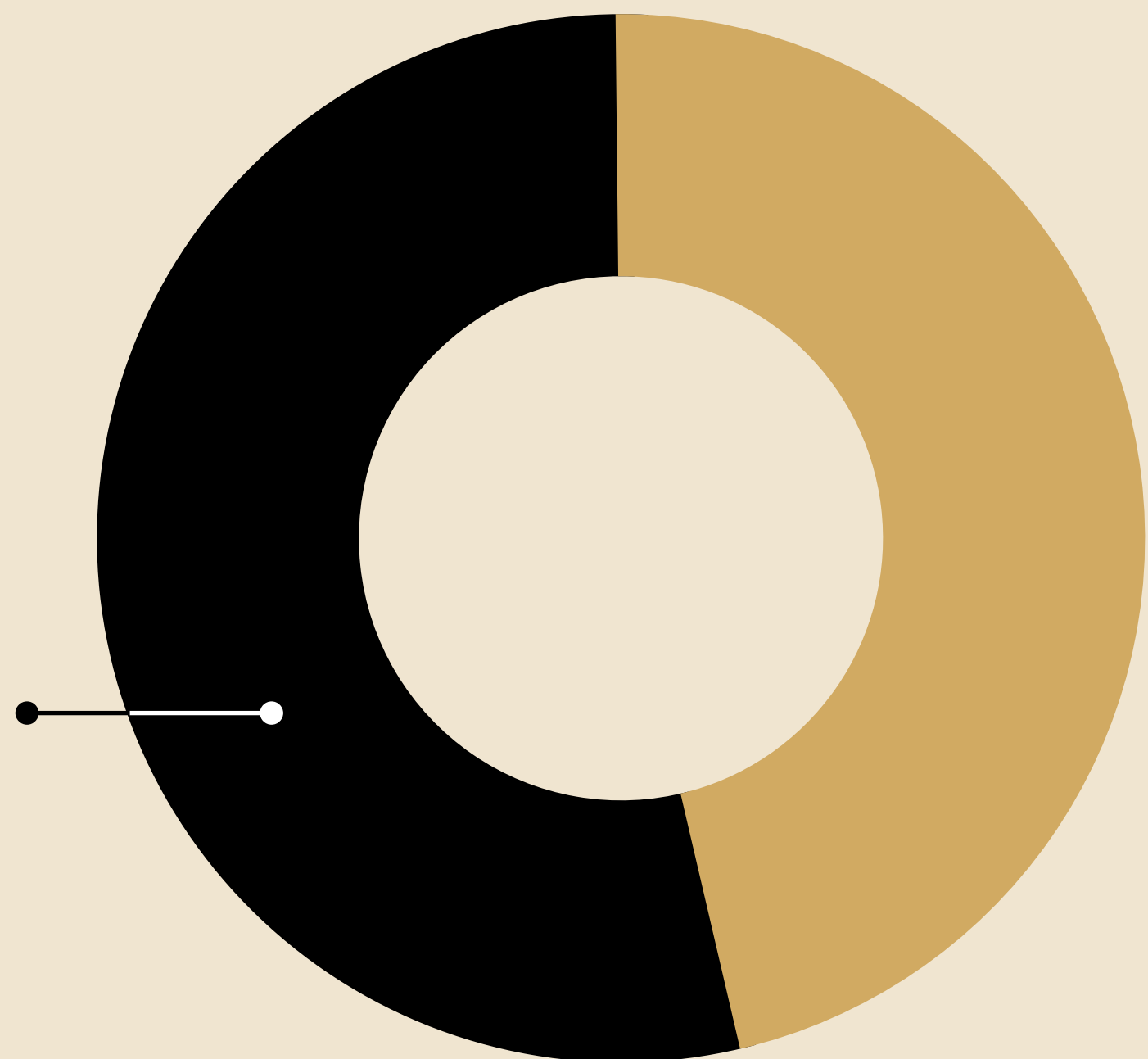


Complexity's drag on top-line growth has been well documented. In 2017, Bain researchers discovered that by tackling complexity, companies could restore a speed and focus mindset and achieve "significantly higher profits—operating margins 30%–50% higher than industry peers—and faster growth."³

Unrealized ROI

53%

Respondents have not seen expected ROI from software investments



"We see customers regaining thousands of hours each year by cutting redundant systems, like too many help desks, old tools, and even new ones that haven't been fully rolled out, then putting AI to work where it makes sense," says Srini Raghavan, chief product officer at Freshworks. "It's not about more tools—it's about the right ones that deliver ROI today, not someday."

³ Bain & Company, "Great Companies Obsess Over Productivity, Not Efficiency."

EMPLOYEE MORALE

The human impact of complexity

Burned out and frustrated, people are eyeing
the exits

Complexity isn't just a financial problem.

There's a steep human cost, as well. A remarkable 60% of workers in the Freshworks survey say they are at least somewhat likely to quit their jobs in the next year.

When employees can't execute consistently, projects stall, priorities change mid-stream, companies burn resources, and growth initiatives lose steam.

According to Gallup, highly engaged teams achieve 23% higher profitability.⁴ Engagement drives growth; complexity erodes it.

The inability to get things done blocks mission-critical projects, diverting attention away from what matters toward simply managing around complexity. More than one-third (38%) of workers report unclear communication around processes and procedures. Some 45% say their teams are disconnected from one another, leading to a lack of communication and, often, wasted, duplicative effort. While software and AI have helpfully automated many rote tasks and freed up workers—from customer care triage and call routing to sales lead scoring—some 32% report too many tools that are disconnected and duplicative. Disconnected teams don't just operate inefficiently—they also miss cross-functional opportunities that fuel growth.

15

Average number of software solutions used daily by employees

4

Average number of communication channels used daily

⁴ Gallup, "The Q12®: The World's Leading Employee Engagement Survey."

The human toll is bad enough. But it has a ripple effect on growth. When top performers leave or disengage, organizations don't just lose talent—they lose momentum.

Complexity is the problem. It doesn't just waste time—it wastes opportunity. When companies uncomplicate how work gets done, they restore clarity, confidence, and collaboration—the foundation for sustainable growth.

IT SPOTLIGHT

How complex implementations cost the bottom line

When it comes to complexity, IT gets the one-two punch. Teams must deal with the complexity of implementing behemoth-sized software platforms—often with overlapping features and unclear processes—while also trying to keep daily operations afloat.

With an average software implementation taking a total of around six months, that delay means 77% of projects run longer than expected, tying up teams and capital, and pushing ROI further out of reach.

On average, one-third (34%) of companies surveyed cite revenue leakage from software delays and missed business opportunities.

What's driving those delays? In many cases, it's vendors. Some 43% of organizations reported vendor holdups, and 32% said vendor support was unhelpful. As a result, IT teams were frequently left to troubleshoot alone (17%) or launch without clear training or onboarding (25%).

The result: Time and talent is diverted from innovation toward managing complexity.

“IT is no longer a cost center—it’s a strategic enabler and growth engine,” says Ashwin Ballal, CIO of Freshworks. “But when tool sprawl, process inefficiencies, and organizational complexity slow us down, we lose agility. By simplifying systems and streamlining how we work, we enable teams to focus on what truly matters—people, performance, and purpose—and turn complexity into momentum.”

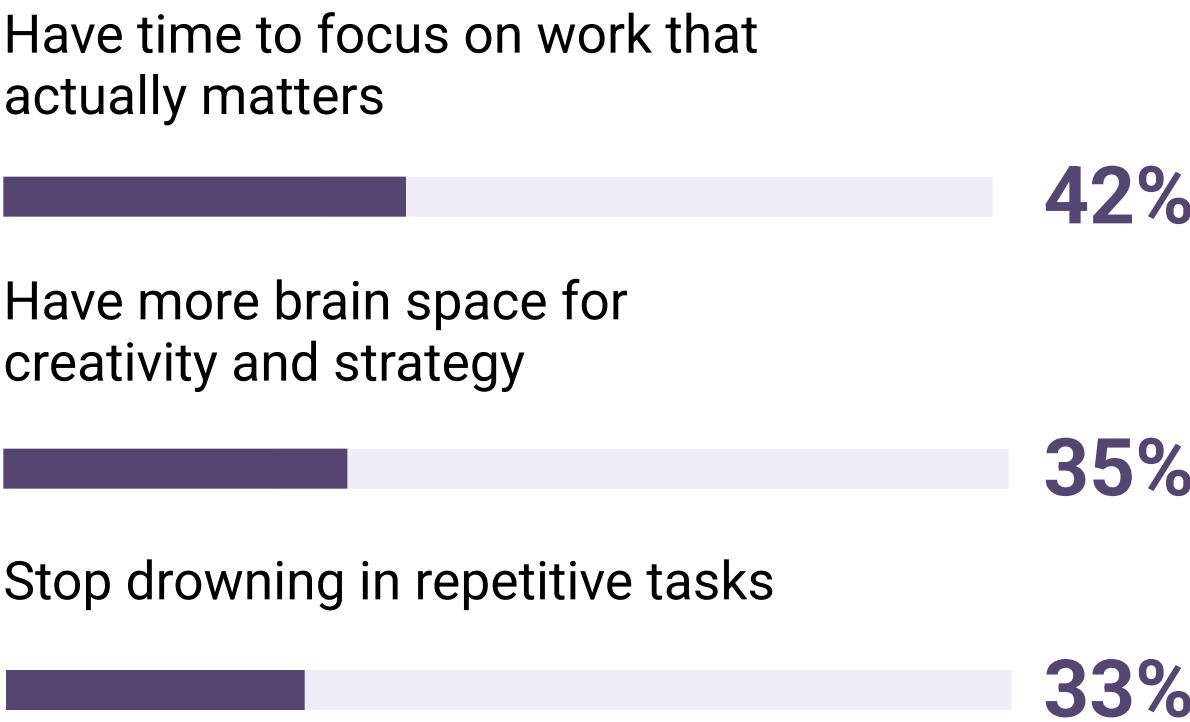
A CIO at a mid-market healthcare company described the extremes he’s had to go to when systems fail and vendor support dead-ends.

“I have literally used LinkedIn to find the executive vice president of whatever service line to say, ‘Hey, I’m sorry for connecting with you on this platform, but I have no escalation path. This is what’s going on. I need your help.’”

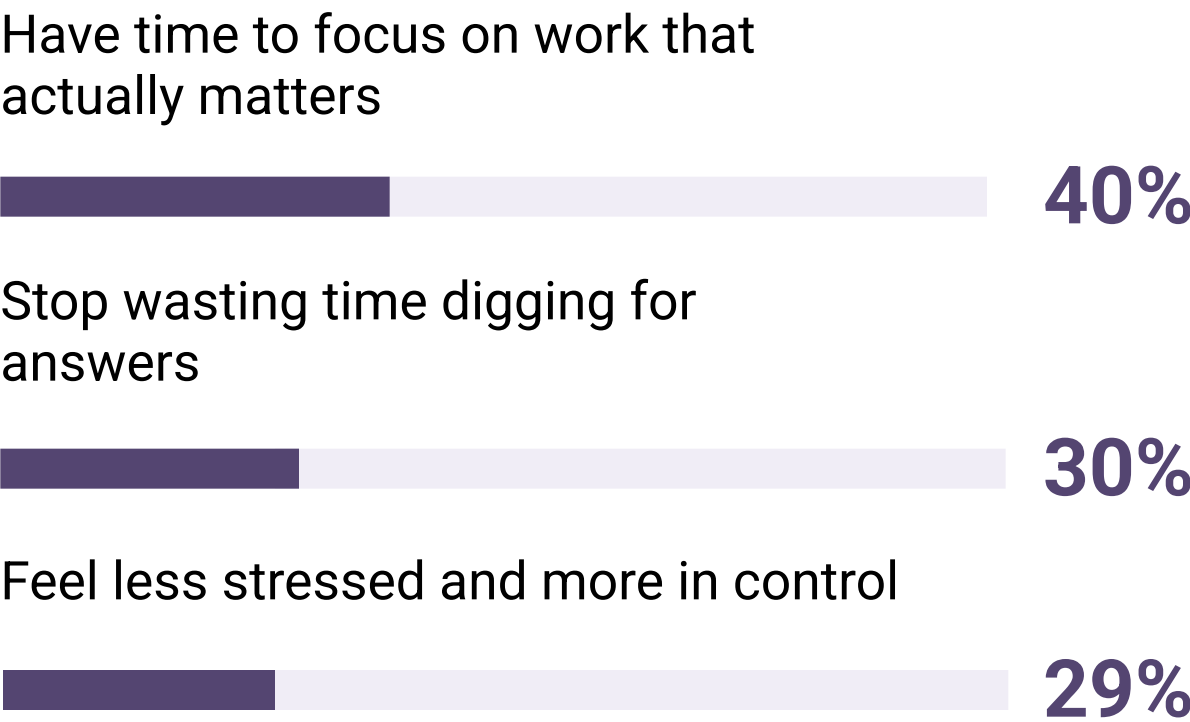
Putting productivity gains to work

Employees could do the following if productivity issues in ITSM and customer support solutions were eliminated:

In IT



In customer support



CUSTOMER EXPERIENCE

Keeping customers happy

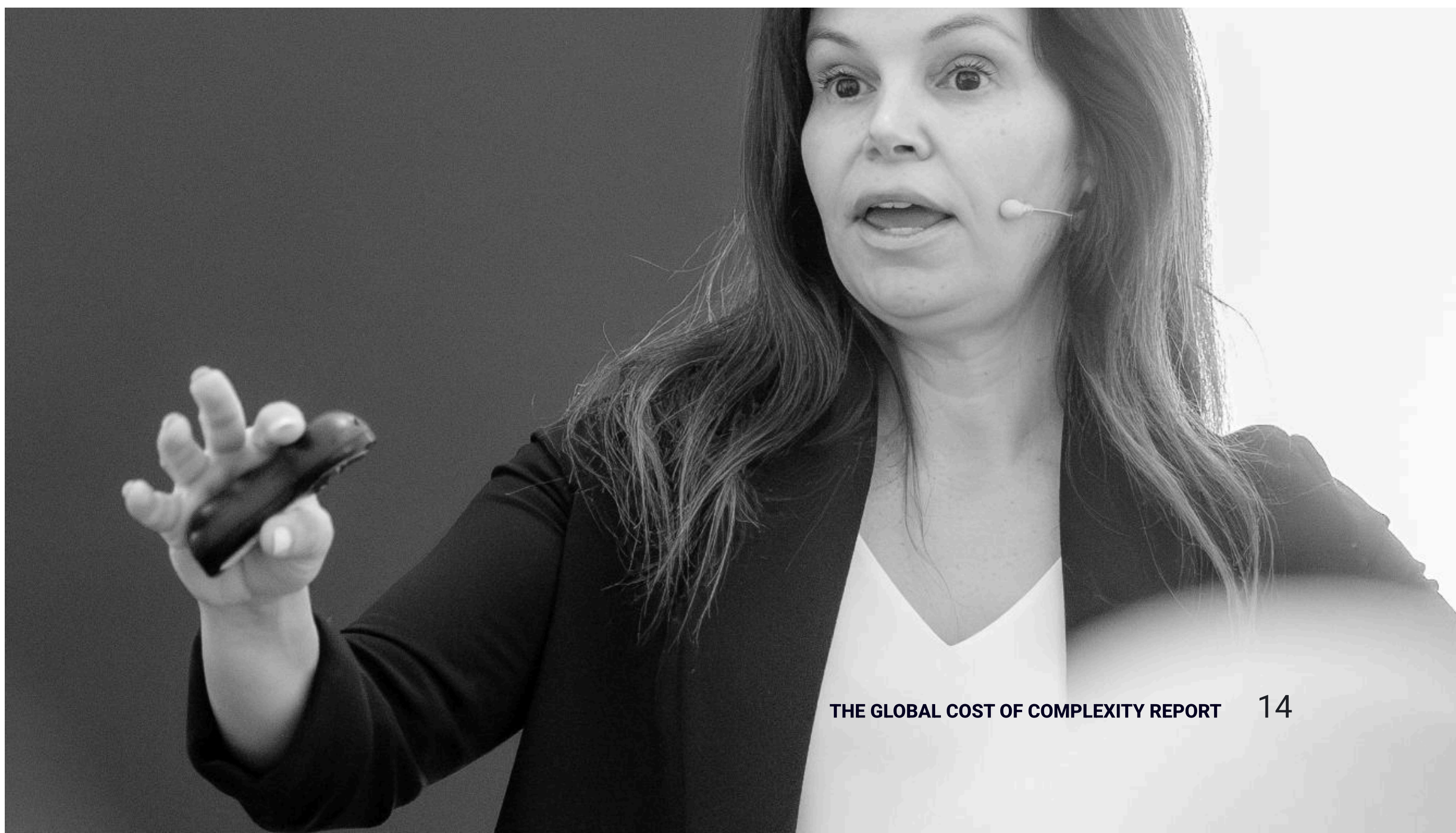
Overloaded agents and cognitive
fatigue can cause customer churn

Customer-facing teams are the front line for your top line.

Yet, they are bearing the brunt of complexity and software sprawl. Across industries, support and service agents face AI sprawl, tool overload, and disconnected data that make it harder to serve customers quickly and well. Over a 12-month period, customer experience professionals in the Freshworks survey reported cluttered or hard-to-navigate interfaces (29%), missing or inconsistent customer data (32%), and too many tools (36%), according to the survey. This constant “context switching” slows response times, frustrates customers, and limits growth.

One customer experience leader at an enterprise technology company has seen “user fatigue” firsthand: “Having to use so many systems with not enough training and lack of processes and the sheer breadth of tools that have been used to do similar things—it tires end users and tires the business.”

That fatigue doesn’t just exhaust teams, it undermines consistency and weakens customer trust, the foundation of sustainable growth.



Just as troubling, 37% of employees say their organization lacks a single source of truth for customer data, creating challenges with every customer interaction. Employees must navigate a funhouse of mirrors across multiple platforms, copying and pasting data in ways that invite error.



40%

of support leaders say

fragmented customer data makes it difficult to personalize experiences

Indeed, 40% of support leaders say fragmented customer data makes it difficult to personalize experiences, according to Freshworks' Customer Service Benchmark Report 2025, showing how tool sprawl translates directly into inconsistent service for customers. This puts companies at risk of customer churn, which erodes margins—turning complexity into a direct drag on top-line performance.

All these pressures, from agent fatigue to fragmented data, show up in the customer experience. When chatbots don't understand customers' needs, or agents (either AI or human) don't pass along their details to other agents, customers grow frustrated. They'll go running if their experiences are anything less than friction-free.

"Complexity not only erodes the employee experience, but ultimately the customer experience as well," says Mika Yamamoto, chief customer and marketing officer at Freshworks. "When people spend their energy managing systems instead of relationships, every customer interaction suffers."

Research supports this connection: Brands with highly engaged employees have a 24% higher Net Promoter Score (NPS) and 12% higher customer advocacy than less-engaged competitors, according to Qualtrics research.

When employees are empowered to serve well, customers stay longer, spend more, and advocate more strongly, turning simplicity into a growth engine.

“When people spend their energy managing systems instead of relationships, every customer interaction suffers.”

Mika Yamamoto
Chief Customer and Marketing Officer
Freshworks



If customer service workers in the survey could eliminate productivity issues caused by the tools they are using, they would be able to have time to focus on work that actually matters (42%), have more brain space for creativity and strategy (35%), stop drowning in repetitive tasks (33%), and stop wasting time digging for answers (30%). Every one of those improvements contributes to customer retention and revenue growth. Uncomplicating the agent experience drives better CX, higher loyalty, and faster growth—a virtuous cycle that starts by removing friction.

KEY TAKEAWAYS

Breaking free from complexity

Actionable steps to recapture growth
with uncomplicated solutions

The data is unequivocal: Complexity is a financial choice to grow slower. But leaders have a clear path forward: uncomplicating. Organizations that address the chaos in their tech stacks and processes don't just save money, they reverse the downward pressure on growth. They see higher revenue, faster execution, and stronger employee engagement.

To stop paying that complexity tax and start scaling, business leaders can focus on four practical actions:

1

Audit and consolidate to unlock growth

Complexity can be insidious, so start by identifying the 20% “regret spend” in redundant or underutilized tools and immediately consolidate to a unified platform. Redeploy resources toward growth: new hires, new markets, or new campaigns, reallocating directly to a top-line growth initiative. Every dollar freed from complexity should power something that moves the business forward.

2

Elevate the agent experience to fuel customer experience

Your front-line employees are your growth engine. When their experience improves, customer experience—and revenue—follow. Eliminate context-switching by providing a unified experience, and use AI to automate repetitive tasks, so teams can spend more time on empathy and problem-solving. This shifts employee time from routine work to high-value empathy, boosting NPS and cutting churn risk. Consider emerging industry-specific AI agents, optimized for specific industries and pre-built with integrations, providing fast implementation and time to value.

3

Replace tech sprawl with unified systems

Complexity isn't sophistication—it's friction that slows innovation. When service teams juggle multiple disconnected tools, issues get lost, tickets stall, and visibility disappears across IT and business functions. Consolidate service management solutions into platforms that unify service requests, automate routine tasks, and surface insights across departments. This shift turns IT from a reactive cost center into a proactive growth partner, freeing up time, reducing resolution times, and improving employee and customer experience. Turning the nearly seven hours of lost productivity each week into time spent on strategy and innovation is how efficiency translates into growth.

4

Unleash human potential with AI copilots

Use AI not just for automation, but as a partner in thought. Offload rote work like ticket triage, data synthesis, and reporting, so people can focus on creativity, insight, and connection. AI Copilots help humans do their best work—and that's what drives engagement, morale, and profitability.

The choice is clear. Companies can continue to wrestle with complexity that strangles talent and traps capital, or they can uncomplicate with urgency. The organizations that simplify today will be the ones that achieve the 35% higher revenue growth seen by their high-productivity peers, proving that simplicity isn't just an efficiency play—it's a growth strategy.

What's your growth archetype?

Take our quiz to find out where you rank—and what you can do to cut complexity.

[**Take the quiz**](#)

Survey methodology

Freshworks conducted a survey of 706 practitioners and decision-makers across six countries:

United States, 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.

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. (NASDAQ: FRSB) 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 freshworks.com and follow us on [Facebook](#), [LinkedIn](#), and [X](#).



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