Mid-Market Companies Lose an Average of 25% of Their AI Budget Before Seeing a Single Return, New Freshworks Research Finds

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- A global Freshworks research report of over 9,000 IT decision makers finds 86% say AI complexity has increased their team's workload
- 80% of mid-market IT leaders report AI outputs introduce noise, errors, or rework, a phenomenon the report terms "AI slop"
- An estimated $16.29 billion in US mid-market AI spend is wasted every year on making AI functional

SAN MATEO, Calif., May 27, 2026 (GLOBE NEWSWIRE) -- **Freshworks Inc. (NASDAQ: FRSH)** today released **The Global Cost of Complexity Report: The Mid-Market AI Complexity Trap**, a survey of 12,021 IT professionals, including more than 9,000 in mid-market organizations. The research puts a dollar figure on how complexity is consuming mid-market AI budgets before real business outcomes are delivered, finding an average 25% of mid-market AI spend is lost to complexity overhead, an estimated $16.29 billion annually in the US alone.

With tighter margins than larger enterprises, mid-market companies feel this "complexity tax" harder and faster. Nearly 9 in 10 (89%) plan to increase AI investment over the next 12 to 24 months, yet only 15% have AI integrated across core business operations and 36% remain stuck in pilots.

"Mid-market IT leaders don't have time for AI that takes months to deliver value. They need AI that works inside the business they already run and shows value fast," **said Srinivasan Raghavan, Chief Product Officer at Freshworks.** "The companies that move from purchase to performance fastest will turn AI from a complexity tax into a competitive advantage."

The ROI Reality Gap: IT is Being Judged on Timelines Shorter Than Deployment

Mid-market AI programs are stalling in the gap between executive expectation and deployment reality. While 72% of mid-market executives expect AI investments to show ROI within 8 months, 55% of organizations say deployment alone takes between 6 and 12 months before meaningful ROI can even begin.

The barriers are structural. System integration complexity (27%), skilled talent shortages (26%), and excessive configuration requirements (26%) are the top reasons pilots fail to become full programs. With deployment timelines running longer than the windows executives are watching, programs risk being cut before they can deliver value.

The Productivity Paradox: AI Was Supposed to Create Headroom, But For Most Mid-Market Teams It Has Done the Opposite

Managing AI is now adding to the workload it was meant to reduce, with teams fixing flawed outputs and governing tool sprawl across a growing stack of AI products.

More than 8 in 10 (86%) of mid-market IT leaders say managing AI complexity has actually increased their team's workload, and 80% report that AI outputs are introducing noise, errors, or rework, a phenomenon the report terms "AI slop." AI is generating work faster than it is eliminating it, and IT teams are absorbing the difference.

Sprawl is compounding the problem. Mid-market organizations use an average of 4.2 AI tools, with 10% running seven or more, yet only 33% have a formal, consistently applied AI governance framework. Separate Freshworks **research** found 71% of US mid-market IT leaders say unapproved "shadow AI" use is common inside their organization.

The Execution Pivot: Mid-market IT leaders Are Buying Differently

Mid-market organizations are responding to the AI complexity trap by changing how they buy. The new priority is AI that delivers value early, plugs into existing systems, and does not require a major build-out to work.

"Middle market businesses tend not to be early innovators and often lag in realizing full-scale implementation benefits until they are confident of ROI. Until then, smaller pilots and tests are often used to prove feasibility," **said Doug Farren, Executive Director, National Center for the Middle Market.**

Mid-market buying behavior is shifting decisively toward AI that works out of the box. A third (34%) of mid-market IT leaders name workflow integration as their top priority for the next two to three years, 90% favor built-in workflows over heavy configuration, and 54% are buying AI capabilities rather than building in-house.

To download the full report, visit **https://www.freshworks.com/cost-complexity-mid-market-report-2026/**.

Methodology
Freshworks surveyed 12,021 IT decision makers at director level and above across the US, UK, Germany, France, Singapore and India, within organizations of 250 or more employees, including over 9,000 mid-market organizations (up to 5,000 employees). Fieldwork took place in March 2026.

About Freshworks
Freshworks Inc. provides service software that delivers exceptional employee and customer experiences. Its enterprise-grade solutions are powerful yet intuitive, and quick to deliver value. With a people-first approach to AI, Freshworks helps teams be more effective and organizations more productive. Companies including Bridgestone, New Balance, S&P Global, and Sony Music trust Freshworks to improve service efficiency and fuel long-term loyalty. For the latest updates, visit **freshworks.com** and follow Freshworks on LinkedIn, X, and Facebook.

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