

The subscription trap

Report

# Why digital subscriptions are your hidden cost centre



# Introduction

Businesses are at risk of wasting up to £600 million annually on unused software subscriptions. Our analysis of over 332,000 subscriptions reveals that only 34% are actively used, while 66% sit idle. In today's digital-first world, organisations are accumulating these tools at an unprecedented rate, promising productivity and convenience yet often delivering waste instead.

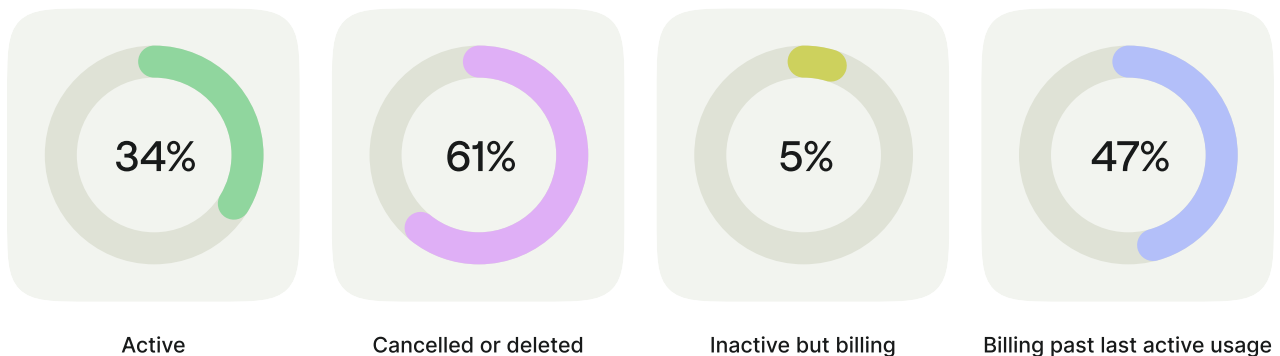
This isn't just an oversight – it's a significant challenge to both operational efficiency and financial control. In this paper, we explore how effective subscription management can transform this source of waste into an opportunity for optimisation and growth.

## Executive summary

The rapid growth in digital subscriptions has created a pressing challenge for finance teams. Most organisations now manage hundreds of subscription-based tools, from essential business software to team collaboration platforms. Yet without proper oversight, these investments can quickly become a source of waste and risk.

Our analysis of 332,000 subscriptions from 2023/24 reveals the scale of this challenge:

- Only 34% are actively used
- 61% were cancelled or deleted during this period, and
- 5% remain inactive but still billing
- 47% continue billing past their last active usage, representing **£600 million in wasted spend**.



This pattern suggests many organisations lack effective oversight of their subscription spending, leading to significant waste and administrative complexity.

Through real-world examples and data-driven insights, we'll show how finance teams can transform subscription management from an administrative burden into a strategic advantage.



# 1. The state of subscription management

## Scale of the challenge

Managing digital subscriptions has reached a critical point for many organisations. Our analysis shows a concerning pattern: although 84% of subscriptions are initially set up for payment, only 77% continue regular payments. This gap highlights broader subscription management challenges that finance teams must address.



Even more concerning is that **47% of subscriptions continue past their last active usage**. Based on our analysis of 332,000, that's 156,040 subscriptions sitting unused. At an average annual subscription cost of £3,840 per tool, this represents **a potential waste of £600 million** across our sample.

This figure becomes even more concerning when factoring in the additional £855 per supplier in administrative costs to manage these inactive subscriptions. This demonstrates the massive opportunity that exists for organisations to optimise their subscription spending through active management and proper controls.

This subscription inertia – **where businesses keep paying for unused tools** – creates a significant drain on resources and unnecessary work for finance teams.

The waste typically accumulates through:

- Unused tools from past projects
- Subscriptions still active after employees leave
- Duplicate tools across departments doing the same job
- Too many licenses for what's actually used



**332,000**

subscriptions



**156,040**

unused subscriptions

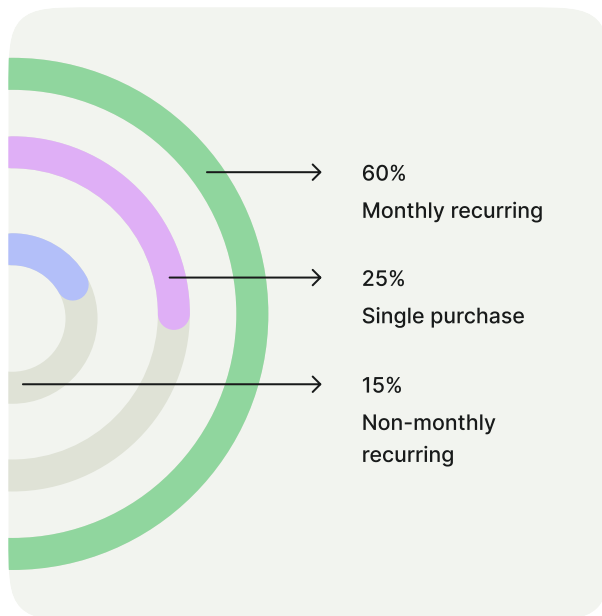


**£600m**

annual wastage

# The three patterns of subscription usage

Our research has identified three distinct patterns in how organisations manage their subscriptions:



## Monthly recurring (60% of subscriptions)

The most common pattern is monthly payments throughout a subscription's lifetime. Our analysis shows that 74% of these subscriptions have exactly one payment per month, while 12% show between 1.5 and 2 payments monthly.

However, only 56% maintain truly consistent monthly payments, highlighting significant variation in how these subscriptions are managed.

## Non-monthly recurring (15% of subscriptions)

Not all subscriptions are paid monthly. Some are paid quarterly or yearly – making up 15% of all subscriptions, with most of these (11%)

being yearly. These are typically core business tools and enterprise software that cost more per user but offer better long-term value. Because payments happen at different times and involve large amounts, companies need to track them carefully and have proper approval processes in place.

## Single purchase type (25% of subscriptions)

A quarter of subscriptions are actually one-time purchases, suggesting many companies aren't using the right payment methods.

Our analysis shows that 72% of these are single payments, with another 12% only making two payments before stopping. This pattern points to a clear need for better payment processes and guidelines.

## Emerging challenges

Beyond these established patterns, several new challenges are making subscription management more complex.

**Cross-border subscriptions** bring their own hurdles:

- Managing multiple currencies
- Navigating different tax rules
- Handling various regulatory requirements across countries





[Remote work](#) has also transformed how companies handle subscriptions.

Teams now rely on more collaboration tools than ever, while tracking usage across distributed workforces has become increasingly difficult. This shift has led to a rise in shadow IT, **where employees use unauthorised tools**, and calls attention to the need for clear policies about personal versus business subscriptions.

Finally, integration complexity poses a growing challenge. Companies must now manage multiple payment methods, varying renewal cycles, and different pricing models – from per-user to usage-based and hybrid approaches. These complexities are magnified by the need to maintain proper approval processes across different departments and locations.





## 2. Hidden costs and risks

### Financial impact

"We are coming from a growth-at-all-costs environment to a more cost-conscious approach; would someone spend £50k a year for software they don't use for managing their personal bank account or their grocery list? We need to create a culture where the company's money is as important as your own money."

**Julien Chriqui**

Product Lead Procurement at Spendesk



Research shows that each supplier can cost organisations approximately **£855 annually** to manage, the impact of passive subscription management – from administrative overhead to unused licences – represents a significant hidden cost.

#### Auto-renewal trap

The auto-renewal trap is one of the biggest causes of concern for subscription spending. Our data shows that **47% of subscriptions continue past their last active usage**, draining resources month after month. Many organisations only discover these forgotten subscriptions during annual audits, by which time significant money has been lost.



**Case study:** When departed employees leave active subscriptions behind

During a proactive subscription audit, a mid-sized tech customer uncovered the kind of challenge that affects many growing organisations: several automatically renewed LinkedIn Premium subscriptions for departed team members. The audit also revealed that **over two-thirds of their subscriptions were linked to a single supplier** – highlighting clear opportunities for better rates through consolidation.

#### Duplicate services

Duplicate services are another major source of waste. Our analysis shows that 20% of subscriptions are linked to two suppliers for the same service, while 12% are linked to three or more.

This typically happens when different departments buy their preferred tools without realising the organisation already has enterprise licenses for similar services. The problem is especially common with project management tools, file storage, communication platforms, design software, and analytics tools. While these duplicate costs are significant, they're just the beginning of the challenge.

## Operational inefficiencies

Beyond direct financial costs, poor subscription management creates a significant burden on finance teams and the wider organisation.

### Huge time waste

Managing subscriptions consumes valuable time. Finance teams spend hours investigating unknown suppliers, tracking down subscription owners, and reconciling payments. While 95% of subscriptions see their first payment within a month of creation, tracking ongoing usage becomes increasingly difficult. Time that could be better spent on strategic financial planning and analysis.

### Security and compliance risks

Passive subscription management creates serious security risks through shared credit card details, unauthorised access to services, and increased exposure to phishing attacks through informal procurement processes.

"You get a lot of phishing invoices these days that try to chase you off of payment and make it sound like you're going to go to credit collections if you don't pay urgently. It's a scare tactic for finance teams."

**Julie Oey**  
Finance Leader



These risks are significant – according to IBM's 2024 [Cost of a Data Breach Report](#), the average cost of a data breach is £3.78m, a 10% increase from 2023.

Perhaps more concerning for subscription management is that one in three breaches involved **shadow data** – sensitive information that exists outside official systems through unauthorised tools and applications. This spread of company data across unmanaged subscriptions makes it increasingly difficult for organisations to protect their digital assets.





## 3. The path to active subscription management

### Building the foundation

Active subscription management starts with getting the basics right. The first step is creating a comprehensive subscription inventory that captures not just what's live, but also each tool's business purpose, who owns it, and how it's being used. This inventory becomes your single source of truth, enabling informed decisions and proactive management.

The next step is implementing a clear classification system. By evaluating each subscription's importance to the business, spend level, and usage patterns, **organisations can make smarter decisions about which tools to keep, consolidate, or phase out.** This structured approach helps ensure your technology investments align with business needs.

### Strategic impact

The consequences of poor subscription management extend beyond immediate financial and operational concerns to affect an organisation's strategic capabilities.

#### Security and compliance risks

Beyond wasting budget on duplicate services, poor subscription management leads to misplaced priorities. Valuable team time is spent on administrative tasks rather than strategic work. This focus on day-to-day subscription management diverts resources from growth initiatives and strategic planning that could move the business forward.

#### Huge time waste

Passive subscription management creates real barriers to innovation. Slow procurement processes and resistance to new tools (often due to bad experiences with previous implementations) limit an organisation's ability to adopt new technologies. When budgets are tied up in unused or duplicate services, there's less flexibility to trial new solutions that could deliver competitive advantages.

### Governance and control

Establishing effective governance requires striking a delicate balance between control and flexibility. Our research shows that organisations with the most successful subscription management strategies implement tiered approval processes based on subscription value and business impact.



"When you get to the point where, as a finance person, you're looking at the costs every month and you can't recognise what each subscription is, then that's probably a good sign to get a bit more control in place."

**Julie Oey**  
Finance Leader



Keep processes simple for smaller subscriptions – for those under £10,000 annually, focus on basic business justification and budget availability. For larger commitments over £50,000, conduct a comprehensive business case and evaluate alternatives carefully.

Regular reviews are essential. Schedule quarterly checks for high-value subscriptions and review your entire portfolio twice yearly to spot opportunities for optimisation and ensure all tools still align with business needs.

## Technology and tools

Modern subscription management needs the right technology to succeed. Start with a central platform that stores all subscription information, automates renewal alerts, and connects with your payment systems for real-time tracking.

[Procurement platforms](#) like Spendesk combine subscription management with spend control, ensuring you never miss a renewal and always maintain full visibility of your tools. This integrated approach allows better oversight across your entire subscription lifecycle.

[Virtual cards](#) have proven particularly effective for managing subscriptions. By giving each subscription its own virtual card, you gain immediate control over spending limits and can quickly stop payments for unused services. This approach also makes it easier to track and analyse how your subscriptions are being used, helping identify opportunities for optimisation.

"Spendesk's automation of purchase orders and contract renewal alerts has significantly improved efficiency while ensuring spending policies and budgets are always respected."

**Michael Stone**  
Procurement Director, Egg Events

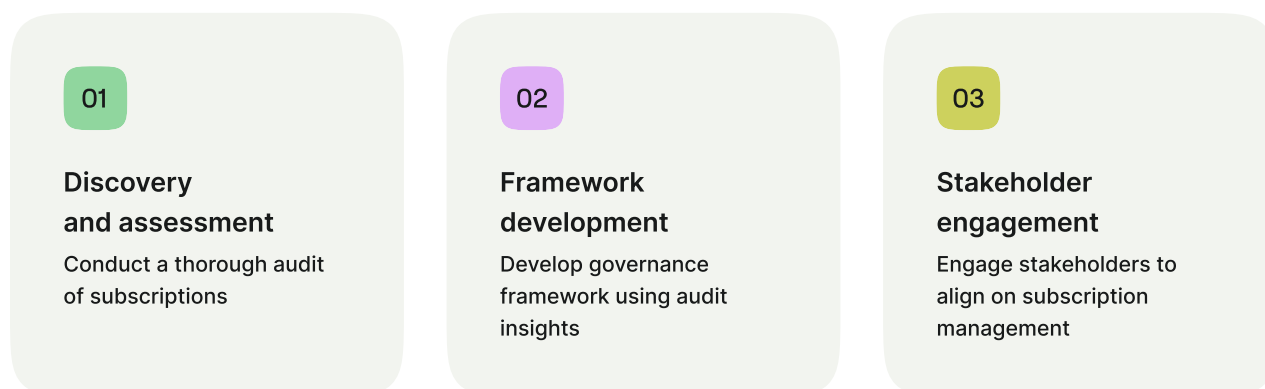


# 4. Implementation guide

## Getting started

Effective subscription management calls for a phased approach that balances quick wins with long-term planning.

Here are the three key steps to begin:



### Phase 1: Discovery and assessment

Start with a thorough subscription audit. Look at what's active, who owns each tool, and when renewals are due. This review typically reveals immediate savings opportunities and helps build momentum for your wider initiative.

### Phase 2: Framework development

Use insights from your audit to build your governance framework. Create clear approval processes, set spending limits, and establish straightforward procedures for managing subscriptions throughout their lifecycle.

### Phase 3: Stakeholder engagement

Getting everyone on board is essential. Work with key teams to understand their needs and concerns. Show how better subscription management will make their jobs easier while maintaining access to the tools they need.

## Supporting the change

Implementing new processes requires clear communication and consistent support. Start by sharing both the organisational benefits and personal advantages of better subscription management – from cost savings to simpler workflows. Keep momentum by regularly sharing progress and celebrating early wins.

Make adoption easy for your teams. Create straightforward guidance that explains what's changing and why. Run short training sessions focused on specific tasks, and ensure people know where to get help when they need it. Most importantly, gather feedback and keep refining your processes based on what you learn.



# 5. The future of subscription management

## Emerging technologies

The future of subscription management will be driven by intelligent automation and advanced analytics. Machine learning is already transforming how organisations handle subscriptions in three key areas:



### Smart contract analysis

Technology now automatically reviews subscription terms and conditions, spotting potential issues and savings opportunities. These tools scan and interpret contract language, flagging key dates, cancellation terms, and pricing conditions that need attention.



### Pattern recognition

Advanced analytics help identify unusual spending and highlight duplicate services across your organisation. These systems detect potential waste by analysing spending trends, usage patterns, and service overlaps.



### Predictive analytics

Modern tools analyse historical usage and business growth to anticipate future subscription needs. This enables smarter decisions about renewals, upgrades, and consolidation opportunities before costs escalate.

## Integration and automation

The next generation of subscription management tools will seamlessly integrate with your existing business systems to offer:



### Automated renewal management

Systems that track renewal dates and trigger reviews based on actual usage and set rules. This automation ensures no renewal passes without proper evaluation, helping prevent unnecessary costs.



### Real-time benchmarking

Instant insights into how your subscription spending compares with similar organisations. This data-driven approach helps validate spending levels and identify where you might be overpaying.



### Smart optimisation

AI-powered insights suggest opportunities to consolidate subscriptions and adjust service levels based on real usage data. This helps organisations maintain the right level of service while controlling costs.

"In today's dynamic business environment, smart optimisation goes beyond cost cutting – it's about making data-driven decisions that align spending with real business value. By leveraging AI-powered insights, companies can break free from the 'set-and-forget' subscription trap, ensuring every pound spent drives meaningful impact. This proactive approach to spend management is transforming how modern companies operate."

**Rodolphe Ardant**

Co-Founder and CEO at Spendesk



## 6. Recommendations and next steps

### Start today

Begin your journey to active subscription management with these essential first steps:



### Audit your subscriptions

Set aside time in the next 30 days for a thorough subscription review. This initial audit typically reveals immediate savings opportunities and helps build momentum for your wider program.



### **Set up basic controls**

Start with simple approval processes for new subscriptions. These initial controls prevent unnecessary spending while you develop more comprehensive processes.



### **Create a central record**

Build a single view of all your subscriptions. Even a well-structured spreadsheet provides the visibility needed to track your costs and identify savings opportunities.

## **Build momentum**

Begin your journey to active subscription management with these essential first steps:



### **Deploy the right technology**

Implement tools that can grow with your organisation. Look for features like automated tracking, renewal alerts, and usage monitoring.



### **Monitor how tools are used**

Track adoption and value across your subscription portfolio. Regular reviews ensure you're getting value from every tool and help spot opportunities to optimise.



### **Use virtual cards**

Give each subscription its own virtual card for better control and visibility. This provides immediate spending control while capturing detailed usage data.

## **Look ahead**

Over the next twelve months:



**Automate the full subscription lifecycle, from purchase through renewal**





Use data to optimise subscription spending based on real usage



Create workflows that balance control with user flexibility

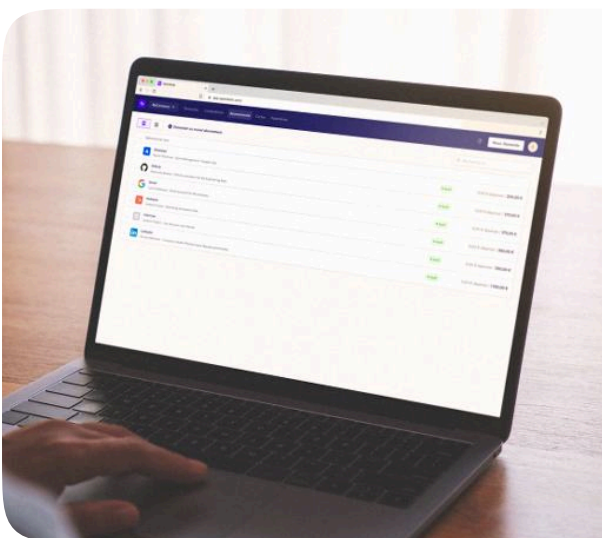
Following this approach transforms subscription management from a hidden cost into a strategic advantage, driving efficiency while maintaining the flexibility modern organisations need.

## Conclusion: Taking control

The subscription economy has transformed how organisations access and use technology, but it has also created new challenges for finance teams. Without active management, subscriptions can quickly become a significant source of waste and inefficiency.

However, organisations that take a proactive approach can turn this challenge into an opportunity. By implementing the right combination of processes, technology, and governance, companies can gain control over subscription spending, improve operational efficiency, reduce security risks, and enable strategic technology adoption.

The path forward requires commitment, but the benefits far outweigh the investment. Begin with the immediate steps outlined in this paper – the longer you wait, the more complex and costly the challenge becomes.



### Ready to transform your subscription management?

Talk to our team or [book a demo](#) to see how [Spendsk](#) can help.

# Control your company's spending before it happens

Spendesk gives your finance and procurement teams control, efficiency and actionable insights that liberate them from manual tasks so they can make smarter spending decisions.

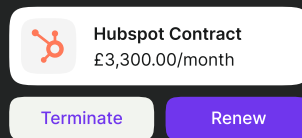
## Corporate cards

Control spending with physical and virtual cards



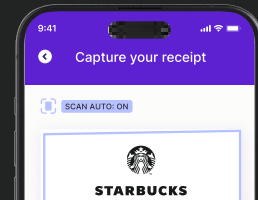
## Procurement

Fully automate your process from intake to payment



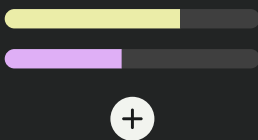
## Expenses

Efficiently manage and reimburse expenses



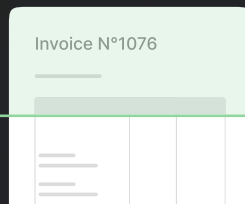
## Integrated budgets

Plan spending using detailed budget features



## Accounts payable

Automate invoice handling; from entry to payment



## Integrations & APIs

Connect to your accounting & business tools



4x

faster month-end close

7%

decrease in subscription cost

0

missed contract renewal deadlines

99%

receipts collected on time

75%

time saved with AI automation

5,000+ Finance and Procurement teams have successfully set up processes with Spendesk that are easy for employees to follow

