

AI won't fix this: what's really holding transformation back

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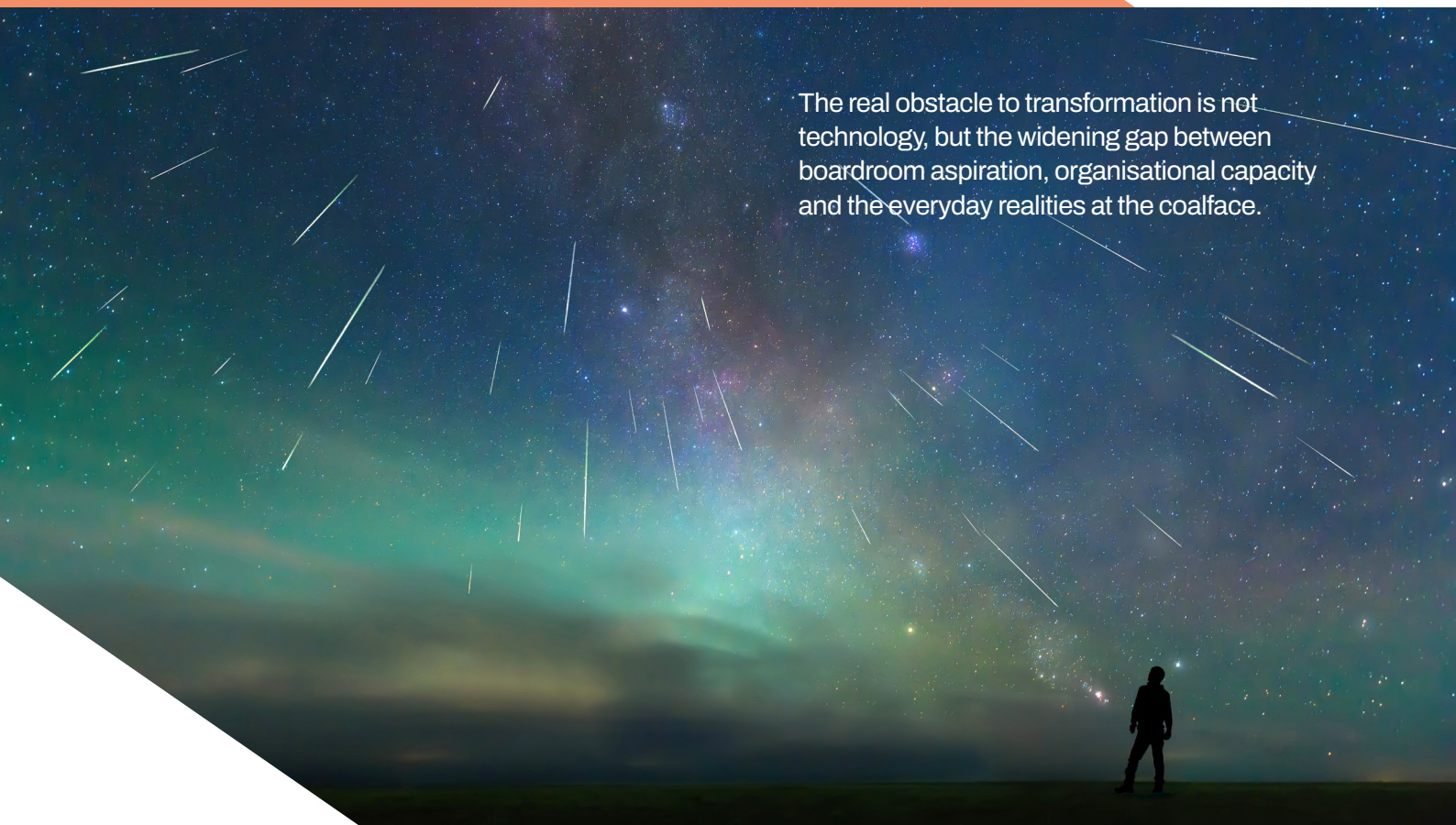
Organisations are under intense pressure to transform, yet the ask has never felt more complex or opaque. That tension sat at the heart of a recent roundtable that brought together IT and innovation leaders from across multiple sectors. Budgets are tightening, scrutiny is rising, expectations are accelerating and security demands are escalating, all at the same time. Yet the conversation revealed something deeper: the real obstacle to transformation is not technology, but the widening gap between boardroom aspiration, organisational capacity and the everyday realities at the coalface. Technology is moving quickly, with new advancements boasting the ability to boost productivity and operational efficiency, yet people, structures and operating models are under strain, often busier than ever, leaving little space to absorb that change or realise the beneficial outcomes of the technologies they have invested in.

IT leaders experience this contradiction daily. Their remit has expanded dramatically in recent years. What was once a function focused on stability and commodity services is now a strategic engine with representation at board level. CIOs are expected to innovate, modernise, secure the enterprise, enhance user experience and deliver cost efficiencies - all while maintaining a highly controlled and resilient business as usual function. The difficulty is not ambition; it's that innovation and BAU often exert opposing gravitational pulls. Leadership may talk about adopting AI or accelerating digital programmes, but users on the ground are often frustrated by slow Wi-Fi or outdated processes. IT teams know the basics must be solid before innovation can flourish, yet even 'basic' IT functionality is rapidly changing: constant updates, emerging threats, vendor-driven change and increasing throughput mean operational demands expand faster than capacity. Organisations want innovation, but the bandwidth required to deliver it has been eroded.

This disconnect isn't so much a technology issue as it is a communication and alignment issue. Too often, organisations are silo'd, working towards different outcomes, using different language and operating under different assumptions. The board wants transformation. IT wants stability. Users want frictionless experiences. Executives want evidence and accountability. Security teams want risk reduction. All are valid priorities, yet few organisations create the mechanisms needed to align them. If transformation is going to happen at pace, it requires a shared understanding of purpose - and purpose is increasingly difficult to forge when everyone is running just to keep up.



Has technology made people less productive?



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One of the most provocative points raised was about productivity. For decades, investment in technology has been justified on the basis that it would drive productivity. Yet national productivity levels are not increasing at the same rate they were 50 years ago – in fact our rate of productivity has slowed. It suggests technology alone does not make us more productive and that, in some cases, it may even contribute to dysfunction and distraction. This isn't surprising when you consider that the primary purpose of technology investment has been to remove or replace headcount. That aim is neither unexpected nor inherently flawed. But adoption, education and behavioural support for the people who remain has too often been neglected. The result is a familiar cycle: new systems arrive, ROI is never fully realised, and frustration grows - not because the technology is wrong, but because the human work was omitted and processes written for manual, historic workflows remain.

Technology enables convenience, but it does not replicate the “whites of eyes” interaction that builds trust, cohesion and shared accountability. Leaders described a growing inability within teams to debate openly, challenge constructively or speak plainly. Buzzwords have replaced clarity. Digital tools have become a substitute for difficult conversations. Meetings happen, but dialogue doesn't. This matters, because innovation depends on good argument and the best outcomes are often a result of unexpected insights and use cases which didn't make the original requirement specification. If organisations want to solve the productivity challenge, they must examine not just how technology works, but the difference in how humans communicate, collaborate and behave around it.

Ensuring the Boardroom isn't just another echo chamber

Innovation suffers from the same behavioural constraints. Innovation does not begin with the deployment of new technology; it begins when people use technology to do things differently. Yet many organisations remain anchored to legacy thinking even when their infrastructure has moved on. Diversity of mindset - cognitive, socio-economic, neurodiverse - is essential, but too often missing. Boardrooms become echo chambers, not because leaders lack ability or experience, but because they lack diversity, often sharing similar backgrounds, education, and experiences. Synergy has long been seen as a virtue; organisations tend to choose partners and build ecosystems with those who share similar assumptions, values and worldviews. But synergy at all costs can be damaging. Innovation requires friction: organisations that do not embrace, or even avoid, disagreement risk becoming trapped in their own comfortable logic.

Somewhat ironically, tools such as GenAI are already showing promise in challenging entrenched ways of thinking, offering alternative framings and options that humans may not quickly consider. But technology can only open doors, it is people that have to be willing to walk through them. Without cultural openness, the benefits of even the most advanced tools remain limited.



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Embracing risk is better than stagnation



Any meaningful innovation requires an openness to risk and an understanding that the result could be failure, yet many organisations remain culturally risk-averse. This is especially true in environments where scrutiny is intense. Leaders spoke candidly about a “fear of scrutiny” that weighs more heavily than scrutiny itself, particularly in the UK and specifically within public sector. That fear has led to what has been described as “pilot theatre”: initiatives labelled as pilots not because they are experimental, but because it feels safer to keep them small, quiet and below the line of visibility. Few genuine ‘in the wild’ proofs of concept are run at meaningful scale. The shift from first-mover advantage to first-mover risk is becoming one of the defining behavioural barriers to modern transformation. But the paradox is clear: organisations that refuse to fail cannot innovate. And organisations that cannot innovate cannot remain competitive. A culture that is unwilling to take risks is, ultimately, choosing to accept stagnation, with the ultimate risk being significant market loss or obsolete service offerings.

Innovation need not come solely from within. It is, after all, a very different skillset to that most businesses require day to day. Many organisations lack the specialist capability required for creative, forward thinking development, and outsourcing aspects of innovation and strategic development should not be seen as a weakness. It can, in some cases, be the only way to break established patterns of thinking and unlock true transformation.



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Rethinking innovation: from rip-and-replace to continuous disruption

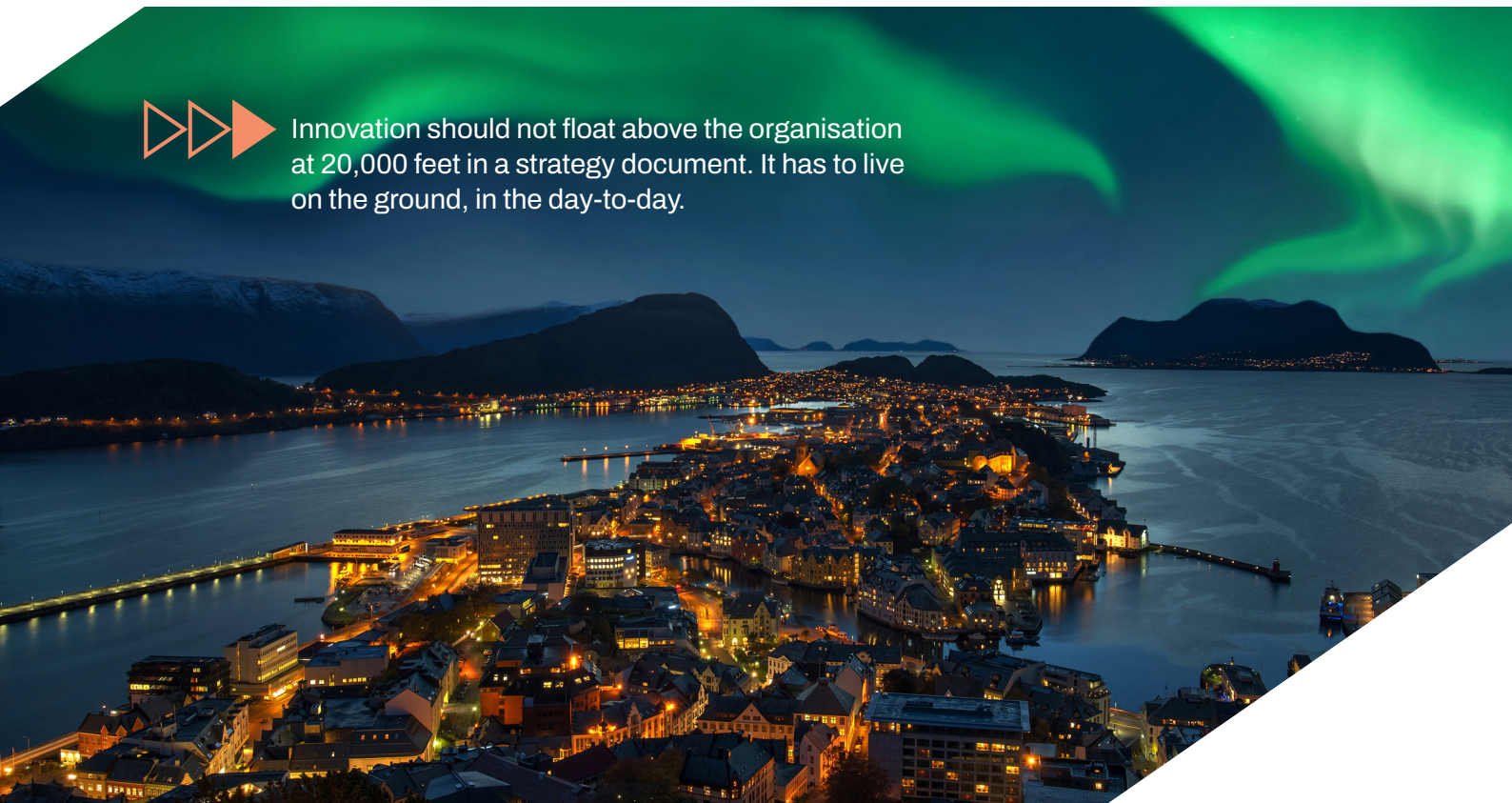
Given these human and cultural constraints, many of the traditional “rip-and-replace” approaches to transformation are no longer appropriate. Sweeping system overhauls often overwhelm organisations already fatigued by continuous change and introduce a scale of risk many businesses are unwilling to accept. A model of continuous modernisation - or, better still, continuous disruption - offers greater resilience, lower risk and far better alignment with human behaviour. Unlike incremental “marginal gains,” which work well in fixed-rule environments like elite sport, business environments require a different rhythm: one that blends steadiness with ongoing challenge, stability with regular bursts of disruption, and learning with delivery.

Continuous modernisation allows organisations to test, learn, iterate and adapt, providing space for cultural shift without overwhelming users or breaking established processes. It reduces the shock associated with wholesale change, spreads risk over time and ensures that innovation is grounded in lived reality rather than idealised strategy. It also combats apathy and organisational fatigue by ensuring that innovation is visible, continuous and meaningful — not episodic or performative. When combined with cultural openness, diversity of thinking and willingness to experiment, it becomes possible to transform not just systems, but behaviour, mindsets and operational DNA.

Critically, innovation should not float above the organisation at 20,000 feet in a strategy document. It has to live on the ground, in the day-to-day, where delivery and experimentation become one and the same. The true challenge is not the balancing of operational health with innovative change, it is the ability to integrate new practices and technologies into business as usual quickly enough that innovation does not stall at the point of (or even before) adoption and outcomes are realised soon enough to ensure support for future investments.



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Addressing the instinct vs data debate

The conversation also highlighted the opportunity for closer partnership between CIOs and CFOs, bridging information and data with business strategy and requirements. CFOs are trained in risk in ways few others are. They possess the language - and credibility - to explore different types of value. Cost is only one dimension; achievement, efficiency, optionality and resilience could all be others. CIOs and CFOs working together can build new frameworks for evaluating success, moving the organisation beyond purely financial metrics to ones that reflect long-term opportunity and value.

This partnership is also essential in navigating the tension between decision-making that is data-led and that which is instinct-led. The image of the high punching exec who makes decisions based on "gut instinct" is all too familiar. Such execs are often prized, nay revered. And yes, instinct is what brings possibility and aspiration to a conversation. But it has to be tempered by data, which does more than just "telling the story of yesterday", it gives us evidence, trends and most importantly stops organisations from repeating mistakes. Neither is sufficient alone. Instinct cannot replace evidence, and evidence cannot become an excuse to delay. Good leadership requires a balance: knowing when to trust data, when to trust judgement, and making decisions in the knowledge they could be incorrect, but being confident nevertheless that is still a better option than doing nothing.

Ultimately, unlocking transformation is not an IT challenge but an organisational one. Technology will continue to accelerate. Expectations will continue to rise. Scrutiny will intensify. But organisations can still create the right conditions for progress: clarity of purpose, openness to diverse thinking, willingness to embrace risk, with a toleration for failure, and a culture that values debate over buzzwords. The future belongs to organisations that treat innovation not as a project but as a posture: lived daily, argued for openly and anchored in shared responsibility.

Transformation is hard; it always has been. But the gap between where organisations are and where they need to be is not insurmountable. With the right mindset, the right partnerships and the courage to confront legacy thinking - technological and cultural - innovation becomes not just possible, but inevitable.



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