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the edges are no longer the boundaries.

The Edges Are No Longer the Boundaries.

Companies draw boundaries around products, functions and ownership. Customers draw them around outcomes. Increasingly, the difference between the two is where value gets made—or lost.

A car once gave you a reassuring sense of where a product ended. There was metal, glass, rubber and an engine; however complicated the organisation behind it, you could point at the thing.

Try doing that now. Software changes after the vehicle leaves the factory. Navigation may come from another company, entertainment from another ecosystem and charging from an energy network. Diagnosis can begin with data before anybody opens the bonnet. The customer still buys a car, but the experience crosses industries.

So where does the car end?

I first encountered a version of this at Ford. The physical product looked self-contained, while behind it sat an intricate system of engineering, manufacturing, suppliers, technology and distribution. Later, at Microsoft, cloud computing loosened another familiar edge: companies could possess extraordinary computing capability without owning the infrastructure underneath it. At Amazon, I saw product, technology, commerce, media and distribution converge in ways the customer simply experienced as Amazon.

Different industries, same lesson. The legal entity, product catalogue and organisation chart remain useful descriptions of a business. They are becoming less reliable maps of where its value is actually created.

AI makes that discrepancy harder to ignore because intelligence can increasingly travel across boundaries that organisations still treat as fixed. A system may be able to understand a customer's history, see inventory, interpret pricing and retrieve service records simultaneously, even when those things belong to different functions. Yet seeing across the company and being allowed to act across it are very different propositions.

That difference may turn out to matter more than the intelligence itself.

The Customer Never Saw the Boxes

The industrial corporation became extraordinarily successful by dividing itself. Specialisation created expertise, hierarchy clarified accountability and functions made complicated businesses manageable at scale.

Then we digitised almost everything except the assumption that those divisions were natural.

The customer encounters the consequences constantly. They repeat information because another system owns it, wait while another department approves something, or discover that the offer on the website cannot be honoured by the person on the telephone. Inside the company there may be impeccable explanations for every hand-off. Outside it, there is simply one company being difficult.

Organisations experience boundaries as structure. Customers experience them as friction.

AI exposes the mismatch because connecting information is becoming easier than renegotiating the authority around it. Imagine a service agent that can see the customer's complete history, recognise the failure and calculate the sensible remedy, but cannot issue a £20 refund because the approval rule belongs somewhere else. The intelligence has crossed the company faster than the decision rights.

This is where AI transformation becomes more interesting than another chatbot. Once systems can operate across functions, the difficult questions concern authority: what may they decide, where should a person intervene, who can override the decision and who owns the consequence when an action crosses several functions but belongs neatly to none?

The technology can cross the boxes. The company still has to decide what should happen between them.

Where Does Amazon End?

In November 2000, Amazon made a deceptively simple change. Marketplace allowed third-party sellers to put their offers alongside Amazon's own on the same product detail page.

Look at that decision through the conventional boundary of the firm and it is strange. A retailer had spent years attracting customers, then invited other merchants—including sellers offering the same item—to participate inside its storefront.

Look at it through the customer's boundary and it makes much more sense. The customer wanted the item, not a lesson in corporate ownership. More sellers could mean greater selection and different prices while Amazon remained the place where the transaction began.

The model took hold quickly. Marketplace represented about 15 per cent of Amazon.com orders in the fourth quarter of 2001. Twenty-five years later, independent sellers account for more than 60 per cent of sales in Amazon's store.

The interesting lesson is not “build a marketplace.” It is that Amazon changed the boundary of the company without surrendering the coherence of the customer experience. Inventory could sit outside. Sellers could sit outside. Much of the capability required to fulfil the customer's intention no longer had to belong to Amazon in the traditional sense.

The customer relationship remained the organising principle.

That distinction is becoming more useful as AI makes more capability accessible on demand. Companies already run on infrastructure they do not own, software they did not write and ecosystems they cannot fully control. Cognitive capability now joins that list. The strategic question is therefore becoming less about whether something sits inside or outside the corporate perimeter and more about what advantage actually compounds through ownership.

Customer relationships can compound. Context can compound. Distribution, intellectual property and distinctive operating capabilities can compound. Other activities may create little additional advantage merely because employees perform them.

This leads to a harder question than whether something is “core”:

What gets stronger because we own it?

If the answer is nothing, the boundary may be habit masquerading as strategy. But the reverse matters equally. A company can outsource an activity without outsourcing responsibility for the promise it makes. Amazon could allow independent sellers onto the product page; it could not make the resulting customer experience somebody else's problem.

Ownership can move. Accountability is stickier.

Nothing Is Broken. The Joins Are.

This is where the argument becomes economic.

Companies are very good at improving things that have an owner, budget and target. Sales grows bookings, procurement reduces costs, product increases engagement, service lowers handling time and technology automates work. Each improvement can be genuine while the economics of the whole business deteriorate.

A sales team can win revenue that is expensive to deliver. Procurement can reduce unit cost while weakening something customers value. Product can add functionality that creates service complexity elsewhere. AI can make individual employees faster while the enterprise accumulates duplicated tools, dependencies and governance.

Nobody needs to be incompetent. Every function can be doing exactly what it has been asked to do.

The failure sits in the joins.

I saw versions of this repeatedly while building transformation businesses at Microsoft. Technology was often the most visible part of the change, but the difficult work appeared where a new proposition crossed organisational ownership, where one incentive collided with another, or where the customer experience demanded an operating model different from the one the company had inherited.

Those joins are easy to underestimate because they do not fit neatly on the organisation chart. Decision rights are interfaces. Incentives are interfaces. Contracts and data are interfaces. The hand-off from sales to delivery is an interface. So is the point at which an automated decision becomes consequential enough to require human judgement.

We manage the boxes because boxes have owners. Value has an inconvenient habit of disappearing between them.

That matters enormously when building, running or buying a company. A strong product with weak distribution is not yet a strong business. Growth that imports complexity faster than margin is not attractive scale. Automation that makes individual tasks faster without improving enterprise economics is not operating leverage.

The relevant unit of optimisation is the system through which demand becomes durable economic value.

Seen that way, product innovation, go-to-market and operating-model design are not separate disciplines politely handing work to one another. Product determines what value can be created; go-to-market connects it to demand; the operating model determines whether the economics strengthen or decay as the business grows. Three excellent functional strategies can still produce one mediocre company if the joins between them are wrong.

Draw the Line Around the Consequence

There is an appealing conclusion available here: technology is dissolving corporate boundaries, so the future belongs to the boundaryless company.

I don't believe it does.

Some boundaries become more important precisely because technology gets better at crossing others. A bank can connect intelligence across the customer journey while remaining uncompromising about who may move money. A healthcare organisation can make information easier to access while becoming more demanding about privacy and clinical authority. A company can draw extensively on partners, platforms and intelligent systems while keeping capital allocation and consequential decision rights firmly inside.

The distinction is not really between open and closed. It is between boundaries created by old constraints and boundaries created by real consequences.

Information once travelled slowly. Expertise was expensive to replicate. Infrastructure had to be owned. Geography constrained collaboration. Organisations grew boundaries around those realities, and technology has been weakening many of them for decades.

Trust, liability, security, capital and customer promises are different. Someone still has to own the consequence.

That suggests a more demanding way to think about organisational design. Instead of asking where the existing boundaries should be removed, ask whether the boundaries around **value, economics and accountability** are aligned.

Where does the customer experience begin and end? Where does the company actually make money? Where does its advantage compound? Who has authority to make the decisions that determine those outcomes? And when something goes wrong, does responsibility sit where the ability to act sits?

When those boundaries diverge, friction and economic leakage follow. A company promises one experience but organises around another. A function owns a metric without owning its downstream consequence. A system has enough intelligence to identify the right action but not enough authority to take it.

That is not a silo problem. It is an architecture problem.

The Organisation Is Already in the Product

Companies still tend to treat operating-model design as internal plumbing. Customers have never afforded us that luxury.

A business cannot credibly promise personalisation while fragmenting customer context, speed while decisions climb a hierarchy, or seamless service while rewarding channels to compete. Eventually the organisation leaks into the proposition because the customer experiences whatever happens on the other side of the interface.

AI makes those contradictions harder to excuse. When information and intelligence can move across systems more freely, the friction that remains deserves examination. Some of it protects something valuable. Some of it is simply an inherited design choice nobody remembers making.

This is why putting AI into the existing organisation is not transformation in any meaningful sense. Transformation begins when the business is redesigned around what technology makes newly possible while retaining the boundaries that consequence still requires.

For a founder, that means the product may be larger than the thing being built. For a CEO, it means functional excellence can coexist with enterprise mediocrity. For an investor, it means the operating model is not merely a diligence item somewhere below market, product and management; it is part of the mechanism through which growth becomes—or fails to become—enterprise value.

The deeper intuition is the same in each case. **Do not draw the company around its activities. Draw it around how value compounds and where consequences need owners.**

The industrial corporation became manageable by putting work into boxes, and those boxes created extraordinary scale. There is no reason to romanticise their disappearance. The task now is harder: preserving the boundaries that make accountability possible while removing the ones that prevent value from moving as the customer already expects it to.

The most important parts of the next company may therefore be the ones an organisation chart renders almost invisible: the paths between product and distribution, customer and data, intelligence and authority, growth and delivery, capability and accountability.

That is where the economics increasingly meet.

And it is why the edges still matter.

They are simply no longer where the business ends.

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