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AI has made your competitive advantage easier to give away

Insight

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Most organizations know which of their data is sensitive. Far fewer understand which combinations of data, processes, institutional knowledge, and decision-making make their business competitively distinctive. Over decades, much of that information has been distributed across software platforms, cloud providers, business partners, and outsourced operations, often without a clear understanding of what the organization may have surrendered along the way.

Artificial intelligence is making that distinction increasingly consequential. What once required considerable effort to discover, interpret, and connect can now be analyzed and operationalized at unprecedented speed and scale. The same capabilities that make AI so valuable to enterprises also change the economics of extracting value from information they have entrusted to others.

For executives, the challenge is becoming more fundamental than protecting confidential information. It is determining which elements of their company's knowledge and operations create a sustainable competitive advantage, and ensuring those elements remain within their control.

Three questions provide a practical framework for addressing that responsibility:

1. **What makes the enterprise distinctive?** Identify the most strategically important information and the processes, relationships, institutional knowledge, and decision logic that collectively create competitive advantage.
2. **What can be shared, and what must remain within our control?** Establish boundaries around the information and capabilities that can be entrusted to third parties and AI systems, while preserving the benefits of modern technology.
3. **What have we already shared, and how do we limit future exposure?** Evaluate existing relationships and information flows, strengthen protections where necessary, and establish ongoing mechanisms to reassess what the enterprise must retain.

Together, these questions provide a more strategic approach to information protection, beginning with an understanding of how AI has changed the economics of enterprise data.

The economics of exposure have changed

Organizations have long relied on enterprise software, cloud platforms, and third-party providers to manage increasingly important aspects of their operations. These arrangements have delivered substantial benefits, allowing companies to access sophisticated capabilities while reducing the cost and complexity of maintaining them internally. In many cases, sharing information with trusted providers was a reasonable trade-off, supported by contractual protections and the practical limitations of what those providers could do with the information they held.

Generative and agentic AI are changing that calculation. Technologies that can identify relationships across enormous volumes of information, reconstruct business processes, infer decision logic, and synthesize insights are making it considerably easier to derive value from information that once appeared fragmented or relatively ordinary. Activities that previously required significant human effort can increasingly be performed at a fraction of the time and cost.

This does not mean enterprise technology providers are systematically exploiting their customers' information. Many maintain substantial contractual and technical safeguards that restrict how customer data can be accessed or used. The concern is broader: as AI capabilities expand across software platforms, integrations, and third-party ecosystems, the potential consequences of information exposure are changing faster than many organizations are reassessing their assumptions about what needs to be protected.

Information-sharing arrangements that once appeared relatively low-risk deserve renewed scrutiny when AI can extract meaningful intelligence from the same material, particularly when that intelligence reveals how an enterprise creates and sustains competitive advantage.

1. Identify what makes the organization distinctive

Traditional data protection programs have focused on identifiable categories of sensitive information, including intellectual property, financial records, customer information, and regulated data. These classifications remain important, but they do not necessarily capture the information that makes an enterprise competitively distinctive.

Consider a manufacturer whose competitive advantage comes from its ability to manage complex supply chains, optimize production, and consistently deliver superior margins. Its supplier agreements, production schedules, quality records, and pricing information may each warrant protection. The greater strategic value, however, may reside in the relationships among them: how the company anticipates disruptions, makes production trade-offs, manages exceptions, and applies years of accumulated operating experience to decisions that competitors struggle to replicate.

A similar dynamic exists in financial services and healthcare. An insurer's advantage may depend on the relationships among underwriting practices, claims decisions, provider networks, and institutional knowledge accumulated over decades. Individually, those elements may appear relatively ordinary. Together, they can reveal how the organization makes decisions, manages risk, and creates value in ways that distinguish it from competitors.

Much of this context has never been formally recognized as intellectual property. It exists in business processes, software configurations, employee expertise, historical decisions, algorithms, and the relationships among enterprise systems. AI makes this accumulated knowledge increasingly accessible to analysis, even when the individual components appear innocuous.

Addressing this challenge requires identifying the information and capabilities an organization must retain control over to preserve what makes it distinctive. This approach can be understood as Competitive Context Control (CCC), a discipline for identifying and protecting the information, processes, relationships, and institutional knowledge that collectively create competitive advantage.

The distinction requires looking beyond traditional data inventories. Some enterprise information supports standardized capabilities and can be shared under appropriate safeguards with limited strategic consequences. Other information may be operationally sensitive but sufficiently protected through established security practices and contractual controls. A smaller, more consequential category contains the knowledge and decision-making capabilities that would be difficult for competitors to reproduce and potentially damaging for the enterprise to lose control over.

Organizations must understand how these elements combine to create value, where they reside, and who can access them. Without that understanding, they may successfully protect their most sensitive records while overlooking the relationships and decision logic that explain how their business actually works.

2. Decide what can be shared and what must remain yours

Once an organization understands which information and capabilities create competitive advantage, it must determine how much control it is willing to surrender in exchange for the benefits of SaaS, cloud computing, and AI. These technologies have become essential to operational efficiency and innovation, making the objective one of deliberate sharing rather than indiscriminate restriction.

The appropriate boundaries depend on the strategic value of the information involved. For some capabilities, existing contractual protections and access controls may provide sufficient assurance. Others may justify limiting third-party processing, separating strategically important information from broadly accessible environments, or retaining exclusive control over particular decision-making processes.

AI agents introduce additional considerations because they can operate across multiple systems and assemble information in ways that conventional application boundaries were not designed to anticipate. An organization may be

comfortable allowing a platform to process an individual dataset while being far less comfortable with an agent combining that information with proprietary forecasts, operating procedures, and strategic plans. The decision must account for both the information being shared and the additional context that could be derived from it.

These distinctions become particularly important when evaluating vendor responsibilities. The September 2026 White House Accord on Super Intelligence illustrates an important boundary between technology-provider accountability and enterprise responsibility. The voluntary agreement established commitments among leading frontier AI companies to implement model controls, internal assurance, independent evaluations, and board-level oversight. These measures provide useful expectations for how developers should govern their technologies, but their oversight structures primarily address whether those technologies operate as intended.

An AI provider cannot reasonably determine whether an enterprise has exposed proprietary pricing logic, sensitive operational practices, or the institutional knowledge underlying its competitive advantage. Those risks depend on the information the enterprise makes available, the permissions it grants, and how the technology is integrated into its business processes.

The boundaries become more complicated when AI capabilities are delivered through cloud providers, embedded software vendors, and third-party applications. Each may have different responsibilities, contractual commitments, and visibility into how information is processed. Organizations need to understand where those responsibilities begin and end, including whether their information can be retained, combined with other sources, or used for purposes beyond the services they intended to receive.

Vendor assurance remains essential, but it cannot substitute for enterprise judgment about which information should be shared in the first place. Protecting competitive context requires both an understanding of the safeguards provided by third parties and a deliberate decision about which information and capabilities must remain under the enterprise’s control.

3. Reassess what has already been shared and limit future exposure

For many organizations, the most difficult question concerns information that has already been distributed across their technology ecosystems. Decades of outsourcing, SaaS adoption, cloud migration, and third-party integration have created extensive dependencies that cannot simply be unwound.

Sharing information does not necessarily mean losing control over it. Many existing arrangements include meaningful restrictions on access, retention, and use. Nevertheless, some historical exposure may be difficult or impossible to reverse, particularly where information has already been copied, processed, or legitimately retained by third parties. The challenge is to distinguish between arrangements that remain appropriate and those that warrant greater protection given the capabilities AI now makes possible.

The first priority is understanding where strategically important context has already been shared and under what conditions. This requires examining established vendor relationships, contractual data-use rights, retention practices, integrations, and the increasingly common presence of AI capabilities within existing enterprise applications.

The scope extends beyond traditional software providers. Backup and disaster recovery platforms, collaboration environments, mobile ecosystems, business partners, and independently deployed AI agents may all have access to combinations of information that warrant greater scrutiny. In some cases, business functions may have introduced new AI capabilities without the visibility or involvement of central technology and cybersecurity teams.

Organizations can use that assessment to determine where access can be reduced, contractual protections strengthened, retention periods shortened, or sensitive processes separated from external environments. These decisions should be prioritized according to the strategic significance of the information involved, with attention directed toward the arrangements that present the greatest potential consequences for competitive differentiation.

Importantly, this cannot be a one-time exercise. Competitive context changes as organizations introduce products, acquire businesses, enter markets, and develop new operating capabilities. A process that once provided little differentiation may become strategically important, while capabilities that were once proprietary may become commonplace.

An annual reassessment, supplemented by reviews following material changes in strategy, technology, or business relationships, provides a practical mechanism for keeping protection decisions aligned with the organization’s evolving competitive position. The objective is to prevent the continued accumulation of unnecessary exposure while progressively strengthening control over the context that matters most.

Making competitive context a leadership priority

Determining which information creates sustainable competitive advantage requires more than a technology or cybersecurity assessment. Those functions can evaluate exposure and implement safeguards, but identifying the knowledge and operating capabilities that distinguish an enterprise requires participation from the executives responsible for its strategy and performance.

This introduces organizational challenges that should not be underestimated. Business leaders may disagree about which information is most valuable, while existing technology relationships and operational dependencies may constrain how it can be protected. Without a consistent approach, efforts to prioritize information assets can become debates over organizational ownership rather than assessments of enterprise value.

Executive leadership needs a shared understanding of the company’s most strategically important context, supported by clear decision rights and accountability. Independent assessment can help establish objectivity when competing

business priorities make those decisions difficult, but responsibility for determining what the enterprise must protect ultimately rests with leadership.

Boards should expect management to explain which information and operating capabilities are essential to competitive differentiation, what boundaries govern their use and sharing, and whether existing relationships expose the enterprise to risks that warrant further action. These considerations can be incorporated into established strategy, technology, and risk oversight structures without necessarily creating additional governance mechanisms.

The three questions provide a foundation for that oversight: identify what makes the enterprise distinctive, determine what can be shared without compromising that advantage, and continually reassess existing exposure as the business and technology environment evolve.

The advantage worth protecting

For decades, enterprises have become more efficient by distributing information, processes, and technology across increasingly interconnected ecosystems. AI is accelerating the value of those connections while making the knowledge embedded within them easier to discover, interpret, and use. Decisions that once involved relatively straightforward trade-offs between cost, capability, and security now carry additional implications for long-term competitive differentiation.

The organizations best positioned to benefit from AI will be those that understand which elements of their information and institutional knowledge make them distinctive, establish appropriate boundaries around how that context is shared, and continually reassess those decisions as their businesses evolve.

As AI makes enterprise knowledge increasingly accessible and actionable, protecting competitive advantage will depend on knowing what makes the business distinctive, understanding what has already been shared, and retaining control over the context that creates its value.