Freedom to Operate: why ownership no longer guarantees freedom of action

An introduction to the Outdoor Connect board framework

By Reinout Schotman – July 2026

The rules moved. The firms did not

In September 2025, several companies in the Gulf found that they could no longer use Claude, the artificial intelligence model built by Anthropic. No government had sanctioned them, no contract had been breached, and nothing about their own conduct had changed. Anthropic, a private developer in San Francisco, had simply revised its terms of service, and any firm more than half-owned, directly or indirectly, by investors from China, Russia, Iran or North Korea now fell outside the permitted group, wherever in the world it operated and whichever cloud it ran on.

The model was still there. What these firms had lost was the permission to use it.

That distinction sits at the centre of Freedom to Operate. Ownership determines what a firm possesses. Permission determines what it may do with it. By permission we mean something broad: the contractual, technical, regulatory or jurisdictional authority that lets a firm use a capability, and that lets someone else restrict or withdraw it. A company can own its strategy, its products, its customers and the infrastructure they run on, and still depend on an outside party for the right to deploy a model, move its data, settle a payment or serve a particular market. It is that gap, between what a firm holds and what it is allowed to do with what it holds, that this framework sets out to govern.

Dependency has become an instrument of power

What happened in the Gulf was not a regional anomaly; it exposed a condition that now runs through most of modern business. For most of the globalisation era, firms could treat mutual dependence as a source of both efficiency and restraint, on the reasonable assumption that no party gaining from a relationship would lightly break it. That assumption still holds in many places. It is no longer safe to build a strategy on it.

The reason is that networks tend to concentrate around a handful of hubs. Scale, shared standards and the steady accumulation of data pull activity toward the same few points, and once a hub becomes hard to avoid, controlling it starts to mean controlling the choices available to everyone who has to pass through it. Cloud platforms, payment rails, technical standards and the largest AI models did not flatten the world so much as wire it, and wiring concentrates power at the nodes. Interdependence still delivers its efficiencies. What it now also distributes is the power to permit or refuse.

This reaches well beyond the Gulf. It describes a European manufacturer running on American cloud infrastructure, a retailer that reaches its customers through a single dominant platform, and any firm built on a standard it cannot realistically leave. A great deal of what modern economies have constructed rests on capabilities that are owned and governed somewhere else, a condition we call *borrowed freedom*: the firm can act, but part of its ability to do so is held by another party. A generation ago, Peter Drucker read precisely this unbundling as efficiency, arguing that the corporation of the coming society would keep little more than its top management and contract out almost everything else. On the cost of doing business, he was right. What his account left unpriced is the permission that leaves with the work: each function handed to whoever performs it best also hands that party the standing to withhold it. Borrowed freedom is the other side of that bargain, and it surfaces only when someone decides to call it in.

The United Arab Emirates shows how demanding this has become, having pursued its technological ambitions with discipline and navigated the constraints with real skill. Its position rested on a deliberate neutrality between the United States and China, a neutrality that was itself part of what made it such an attractive place to build. A single change to a private company's terms of service put that at risk without warning, and drew the country into a contest it had chosen to stay out of. The observation is structural, not critical. Even a capable and well-governed state finds that some of its freedom of action runs through permissions it does not hold.

The question is not whether your firm depends on others. It is which of them can say no.

Freedom begins with strategy

For that reason, a framework built on dependency cannot begin with a list of dependencies. Beginning with the suppliers, the technologies and the jurisdictions would only rebuild a risk register under a new name. Freedom to Operate starts a step earlier, with the freedoms a strategy cannot do without.

The same dependency carries very different weight from one firm to the next. A cloud outage that stops a payments platform within minutes is a grave problem, while the identical outage at a firm running overnight batch jobs is a nuisance. The technology is the same in both cases. The freedom at stake is not.

For one company the freedom that matters most may be the ability to keep serving a chosen market or to secure a critical input; for another it may be moving data across borders, attracting scarce talent, funding growth, or simply remaining able to transact. A freedom is existential when its loss would break the strategy, threaten the firm's continuity, or set it back further than it could afford to recover from. Each such freedom rests on a set of enablers, among them technology, capital, infrastructure, market access, ecosystems and talent, and the question worth asking is not how many of them there are but who stands behind them: who owns them, whose law governs them, how quickly they could in practice be replaced, and whether the dependency could be reversed at all. A dependency matters, in the end, only because of the freedom behind it. Those that touch no existential freedom belong in the ordinary machinery of operational, vendor and enterprise risk, and can stay there; they do not need to reach the board through this assessment.

Assessed this way, Freedom to Operate is not a larger vendor-risk register. It is a way of locating where a firm's freedom of action actually resides.

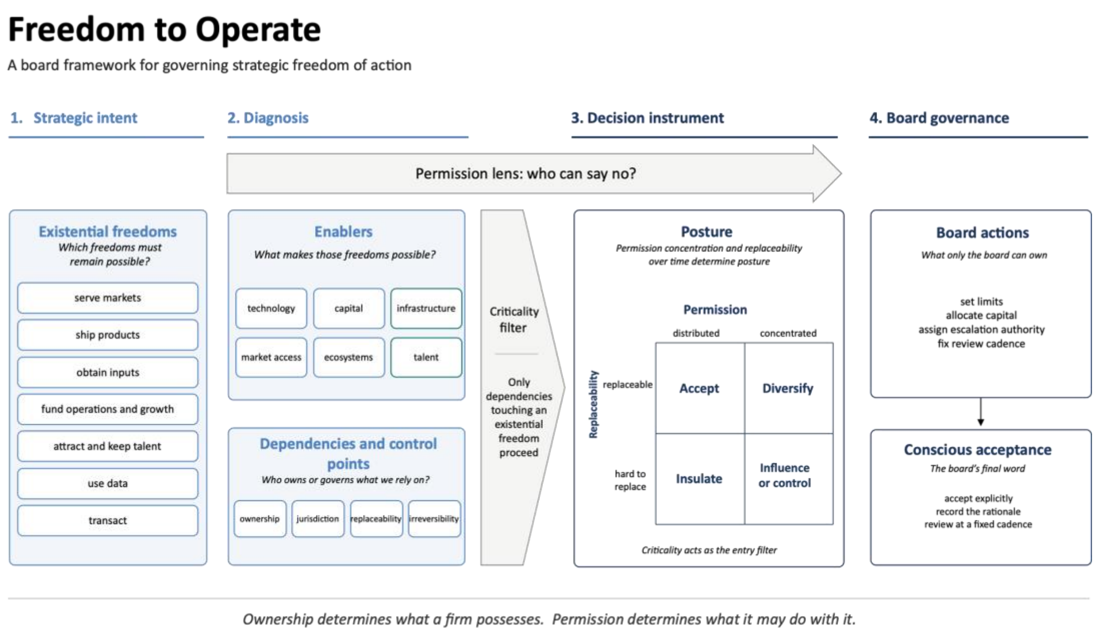

Figure 1: The Freedom to Operate framework: from strategic intent to the board's conscious acceptance

The board must choose a posture

Diagnosis, though, is not yet a decision. What passes the test of criticality is then weighed on two questions: how quickly the dependency could realistically be replaced within the time the firm would actually have, and how concentrated the power to deny it is. Together they point to a posture.

A dependency that is easily replaced and spread across genuinely independent hands can be accepted as it stands. Where a single party can withhold it, the answer is to diversify, though only across alternatives that do not rest on the same jurisdiction, infrastructure or standard, since duplicating a hidden common dependency achieves nothing. Where replacement is slow but permission is widely held, the firm insulates itself instead, through reserves, fallback capacity and contractual protection. Where it is slow and permission sits in one set of hands, the exposure is sharpest, and the options narrow to influencing the party that holds the gate, building a credible substitute, reshaping the strategy around the constraint, or taking control of the node itself.

None of these postures is free. Diversification duplicates capacity, insulation ties up capital before it is needed, influence costs access and time, and control redraws the boundary of the firm. A posture the board has not priced and chosen to fund is not yet a decision.

The work divides in a particular way. Management maps the dependencies, develops the options and carries out whichever posture is chosen. The board's part is narrower and far harder to delegate: it decides which freedoms are non-negotiable, sets the limit on how much concentration it is willing to live with, approves the risk appetite and the capital that stands behind it, and settles in advance what must happen before an exposure is escalated or reopened. The analysis and the execution can be delegated. The accountability for the trade-off cannot.

What all of this builds toward is quieter than the manoeuvres that precede it: a decision the board makes in its own name, to accept a given dependency with its eyes open. Where it chooses to live with one, the decision is worth writing down in full, recording the freedom at stake, the party being relied on, the reasons, the assumptions underneath them, the person who owns the exposure, the events that would force a rethink, the cost of moving if it came to that, and the date the decision will be looked at again. Set down in that form, acceptance is no longer passive tolerance. It becomes a governed choice to rely on someone else's permission, on terms the board has stated and can defend.

> ***Strategy defines direction. Governance decides which external permissions the firm is willing to rely on, and on what terms.***

Freedom cannot be assumed

No board can remove dependency altogether, foresee every political decision, or bring every capability its strategy needs inside its own walls; the attempt would be ruinously expensive and, more often than not, self-defeating. What a board can do is both more modest and more useful. It can decide which freedoms genuinely matter, work out who is in a position to constrain them, and choose its posture while alternatives still exist and preparation is still cheap.

A board is not at fault for depending on others; every strategy does. It is at fault when it lets a dependency become binding without anyone having examined it, priced it and consciously chosen to accept it. Freedom to Operate is the discipline of knowing the difference.

Analytical foundations

The framework draws together several established lines of thought. Henry Farrell and Abraham Newman show how the hubs and chokepoints of a network turn interdependence into leverage. Ronald Coase and Oliver Williamson supply the economics of where a firm's boundary should fall, and whether a critical capability should be bought, governed or owned outright. Susan Strange's account of structural power explains how those who shape the rules shape the options left to everyone else. Peter Drucker puts strategic purpose before the operational choices that follow from it. The full framework, Freedom to Operate: A Board Framework for Governing Strategic Freedom of Action, is published at outdoorconnect.ae/insights.

Source note. Anthropic, "Updating restrictions of sales to unsupported regions," 4 September 2025. Anthropic stated that the restriction included entities more than 50 per cent owned, directly or indirectly, by companies headquartered in unsupported regions, regardless of where they operated. An Anthropic executive confirmed to the Financial Times that the policy also applied to entities controlled from China, Russia, Iran and North Korea and took effect immediately.

About Outdoor Connect

Outdoor Connect is an independent strategy advisory platform focused on board-level value creation for mid-sized, growth-driven companies (€50–€1B). We bring direct senior engagement—without the traditional consulting pyramid—to help founders, CEOs and boards set direction, make sharper capital allocation choices, and embed an execution rhythm. Core areas include growth strategy in technology and the energy transition, strategic repositioning in fragmented markets, and board-level sparring on value creation and M&A preparation.