Extended enterprise: What is it, why now, how to do it

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Extended enterprise: Drucker's economic chain playbook, revisited

Companies face a triple squeeze: **geopolitical fragmentation** is regionalizing supply chains and raising disruption risk; **AI** demands broader, higher-quality data with provenance and governed access across many parties; and the biggest performance problems, cost, quality, resilience, sustainability, are now **cross-company root-cause problems** that do not yield to internal fixes.

That is why the unit of optimization shifts from the firm to the **economic chain**. Drucker argued in the early 1990s that total cost and yield improve only when managed end-to-end, not within factory walls. He credited William C. Durant, founder of General Motors, with pioneering this in the 1920s by tracking costs from raw materials to end customers, enabling GM's competitive edge (Drucker 1999a). This logic underpins the notion of the **extended enterprise**, popularized by late Chrysler President Thomas T. Stallkamp to replace adversarial sourcing with trust-based supplier collaboration, early design involvement, and joint cost reduction to improve cost, quality, and innovation across firm boundaries (Braun et al. 1997). As Ward's AutoWorld observed, early supplier involvement had evolved into Chrysler's "extended partnerships" that "in effect position them as part of the family" (Visnic & Smith 1995). Unlike a broad "ecosystem," the extended enterprise is narrower and anchored, typically by an OEM with select Tier 1s or by a Tier 1 with select Tier 2 and Tier 3 suppliers (Schlueter Langdon 2024). Its value today is practical and CEO-relevant: **interoperability across fragmented regions**, **governed data sharing for AI-grade data** across company boundaries, faster **cross-company root-cause resolution** to improve cost and quality, and shared investment in common infrastructure and governance.

Why now: Trusted data sharing with sovereignty and IP protection

Managing the economic chain rises or falls with data sharing, yet four barriers have historically made it slow and risky: **compliance and liability exposure**, **IP and competitive sensitivity**, (systems, semantics, process), and **human resistance to sharing**. Drucker named the core constraint: "economic-chain costing requires information sharing across companies, and even within the same company, people tend to resist information sharing" (Drucker 1995, p. 58).

Drucker also foresaw **IT as key enabler**, envisioning a shift from data processing to managing the meaning and purpose of information, with "economic chain costing" as a prime driver (Drucker 1999b). Today, that transition has become operational through a new **architecture of trust**. The web evolved from **Web1** (read) to **Web2** (interactive read–write) and is now moving toward **Web3**, a decentralized design that reduces reliance on central intermediaries and shifts more control to participants (McKinsey 2023). In B2B, **dataspace technology** is a practical Web3 example (Guggenberger et al. 2025), which draws on an operationalizes best-practice mechanisms by wich IT capabilities have been proven to create "relational value" (Saraf et al. 2013, 2007): data stays with the provider, parties are identifiable, access is policy-enforced, and exchanges are auditable, enabling cross-company visibility without losing control of sensitive data (Schlueter Langdon

2025). Dataspace technology is already **in production**: key elements are being **standardized globally** (e.g., ISO/IEC DIS 20151), and operational environments exist including **Catena-X**, described as "the first globally trusted and collaborative data ecosystem for the **automotive industry**," operated by Cofinity-X.

Case study: IAV's 'enterprise dataspace' enabling 'extended enterprise'

IAV, a leading German engineering partner to the automotive industry (with Volkswagen as its largest shareholder), faced a classic extended-enterprise challenge: become **AI-ready** and enable cross-domain data reuse without rebuilding its entire IT landscape. IAV's move was to implement **Dataspace-as-a-Service (DaaS) "inside out"** as an internal **enterprise dataspace** that can later extend outward to selected partners (Schlueter Langdon et al. 2026). Concretely, it (1) **put the right foundation in place fast** by subscribing to an SLA-backed DaaS layer from T-Systems, built on the open-source Eclipse Tractus-X stack that also underpins Catena-X – the automotive industry's first trusted global data ecosystem, (2) **anchored adoption in business-driven use cases** that required combining data across sources with different IP and usage-right constraints, exposing governed data products for software-defined-vehicle analytics and AI, and (3) **kept scarce talent on differentiation** by outsourcing the infrastructure layer while focusing internal teams on data products and client-specific apps. The result is an enterprise-wide foundation that bridges internal silos and unifies heterogeneous data sources in a governed environment, providing the operational spine for an extended enterprise. It also reinforced IAV's position as an innovator, reflected in an enterprise dataspace world premiere at CES 2025 and in the recognition of its CIO/CDO, Saskia Kohlhaas, as CIO Magazin's CIO of the Year 2025 in the SME category.

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