

TABLE A-20

Case study: Sony BMG Extended Copy Protection (XCP)

(Innovation failure summary)

Variable	Description
Innovation	Software copy protection measures added to CDs as a form of DRM. XCP modified users' computers to interfere with CD copying, launched in 2005
Radical or incremental	Radical
Category	Process
Sector	Consumer electronics
Failure timing	Launch stage, failure in 2005
Failure root cause	Regulatory restrictions <ul style="list-style-type: none"> • Software functioned as rootkit • Implementation was deceptive, illegal, and harmful
Failure root cause timing	Ideation
Outcomes	<ul style="list-style-type: none"> • Widespread public outcry • Sony BMG sued by Texas, New York, and California under spyware laws • 2005 recall of affected CDs • Sony BMG was required to compensate consumers who had been negatively impacted
Business insight into the innovation process	<ul style="list-style-type: none"> • Avoid introducing new technology into products in areas outside of core expertise, especially without understanding the technical and legal ramifications
Pivot	na
Pivot enabler	na

na = not applicable.

DRM = digital rights management.

Source(s):National Center for Science and Engineering Statistics and SRI International, special research (2020) of 2010–20 open-access articles, including *MIT Technology Review*, *New York Times*, *Fast Company*, U.S. General Accountability Office, and *Defense News*.