

Sony BMG DRM a Public-Relations and Technology Failure

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Sony BMG faces public-relations and legal problems because of the "stealth" digital rights management (DRM) software installed on some of its music CDs. And Gartner has discovered that the software is easily defeated.

NEWS ANALYSIS

Event

On 11 November 2005, Sony BMG announced that it will no longer use the now-controversial third-party DRM software — designed to prevent illicit copying — that was recently found to have been secretly installed on some of its music CDs. When one of the CDs is played on a PC, the software can cause system instability and create security vulnerabilities. Sony BMG is removing unsold units of the affected CDs from retail outlets, and is creating an exchange program for consumers (for more information, see <http://blog.sonymusic.com/sonybm/archives/111505.html>).

Analysis

Sony BMG has made a prudent decision — after more than ten days of intense criticism from industry observers and consumer advocates — to end the use of its highly controversial DRM technology. This will help the company recover from what has become a serious public-relations problem, but Sony BMG still faces lawsuits filed by PC users who allege that their PCs have been damaged by the technology.

What makes the Sony BMG incident even more unfortunate is that the DRM technology can be defeated easily. Gartner has identified one simple technique: The user simply applies a fingernail-sized piece of opaque tape to the outer edge of the disc, rendering session 2 — which contains the self-loading DRM software — unreadable. The PC then treats the CD as an ordinary single-session music CD, and the commonly used CD "rip" programs continue to work as usual. (Note: Gartner does not recommend or endorse this technique.) Moreover, even without the tape, common CD-copying programs readily duplicate the copy-protected disc in its entirety.

For these reasons, Sony BMG's DRM technology will prevent neither informed casual copiers nor high-volume "pirates" from doing whatever they like with the content the disc. It does, however, load "stealth" software — software that has been demonstrated to have suspect effects — on uninformed users' machines. The bottom line: Sony BMG has created serious public-relations and legal issues for itself, and for no good reason.

After more than five years of trying, the recording industry has not yet demonstrated a workable DRM scheme for music CDs. Gartner believes that it will never achieve this goal as long as CDs must be playable by stand-alone CD players. The industry may now refocus its attention on seeking legislation requiring the PC industry to include DRM technology in its products. Gartner believes the industry would be better-served by efforts to develop solutions that use DRM as an accounting/tracking tool, rather than as a lock. This approach would enable them to move to play-based business models not tied to hardware, and to track their digital assets without complicating users' ability to move legitimately acquired content to whatever devices they choose.

Recommendations

- **PC hardware/software providers:** Prepare for continuing legislative attempts to require that DRM technology be integrated into products.
- **The recording industry:** Develop DRM solutions that respect legitimate consumers' interests, and review and test them thoroughly before release.

Analytical Sources: Martin Reynolds and Michael McGuire, Gartner Research

Recommended Reading and Related Research

- "Sony's Approach to Content Protection Is Short-Sighted" — Sony BMG's use of spyware techniques is only the latest example of a trend that will likely promote a consumer backlash. **By Ray Wagner and others**
- "Copyright and Digital Media in a Post-Napster World" — Digital technology is increasing tensions between copyright holders, technology companies and consumers. **By Michael McGuire**

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