PowerPlan Accused Of Phony Threats In $47M Monopoly Suit

Law360 (July 21, 2020, 7:42 PM EDT) — Atlanta-based software company PowerPlan Inc. is unfairly monopolizing the market for utility data management and making false threats to ax competition, according to former employees who say PowerPlan is telling clients of their tax consulting business that they have misappropriated its trade secrets.

Lucasys Inc. sued PowerPlan in a Georgia federal court Friday, seeking at least $47 million in trebled damages under the Clayton Antitrust Act for lost contracts and future revenue. The Georgia start-up says it can't develop better software that would be cheaper for clients because PowerPlan keeps blocking its progress by threatening customers with bogus claims that they'll be dragged into litigation over Lucasys' alleged misappropriation of trade secrets.

Lucasys said it has not been sued by PowerPlan and denies the informal trade secret claims as defamatory attempts to cripple it before it can develop software to replace PowerPlan's allegedly outdated and ineffective product.

"PowerPlan's tactics threaten to keep utility customers in the technology dark ages of the 1990s for their utility-management needs," Lucasys said in its complaint. "PowerPlan is using its monopoly power to effectively stop innovation, so it can continue to collect supracompetitive profits without investing into improving its product."

According to the suit, PowerPlan is a subsidiary of Roper Technologies Inc. and had an early mover advantage when it launched its accounting software in 1994 and then acquired its only competitor in the late 2000s, establishing a 99% market share.

Lucasys said PowerPlan's software for utilities was initially state-of-the-art but hasn't kept up with tax law changes and modern technology, spawning a supplemental services industry as clients are forced to spend millions of dollars every few years getting companies like Lucasys to plug the gaps.

Lucasys said it is building software to better serve utility clients at a reduced cost, and that this would threaten PowerPlan's cozy profits if it weren't for the larger company's unfair monopoly and ongoing defamatory threats. The start-up said that it lost two of its four major utility clients to PowerPlan's false litigation threats and that another has reduced its contract while the fourth client's contract remains at risk.

PowerPlan's software is also expensive, inflexible and unnecessarily complicated, according to Lucasys, which says PowerPlan's niche customer base is locked in by the extreme costs and difficulty of switching to a different data management provider, thereby insulating PowerPlan from competition despite its poor performance.

Lucasys was formed in 2018 by Vadim Lantukh, a previous PowerPlan employee who left the larger company in 2013, according to the suit. In 2019, Daniel Chang and Stephen Strang joined Lucasys as co-founders, having also worked at PowerPlan until 2014 and 2015, respectively.

Jason S. Alloy of Robbins Alloy Belinfante Littlefield LLC, one of six lawyers representing Lucasys, said that the company would prefer to avoid litigation but that PowerPlan's ongoing threats and the damage it is causing Lucasys left the company with no choice.

"PowerPlan wields a large stick in its threats because its software performs critical accounting functions for its customers, forcing customers to cease doing business with Lucasys," Alloy told Law360 Tuesday. He said Lucasys' actual damages could be more than $47 million.

PowerPlan did not respond to a request for comment Tuesday.

Lucasys is represented by ***Richard L. Robbins, Jason S. Alloy and Joseph H. Saul*** of ***Robbins Alloy Belinfante Littlefield LLC;*** and Aaron R. Gott, Jarod M. Bona and Jon Cieslak of Bona Law PC.

Counsel information for PowerPlan was not immediately available Tuesday.

The case is Lucasys Inc. v. PowerPlan Inc., case number 1:20-cv-02987, in the U.S. District Court for the Northern District of Georgia.