



THE INTERVIEW

NICK MAGLIOCCHETTI

WITH A BACKGROUND IN TURNAROUNDS, START-UPS AND TECH, MAKING THE MOVE INTO THE AIRLINE WORLD MIGHT SEEM A LITTLE ODD TO OUTSIDERS. BUT FOR NICK MAGLIOCCHETTI, CEO OF WAVES — A NEW AIRLINE SET TO LAUNCH IN THE CHANNEL ISLANDS THIS SUMMER — IT MAKES PERFECT SENSE

Words:
Nick Kirby

Tell us how you got to where you are now.

I started my first company when I was 16 and sold it shortly after my 17th birthday – it was an agency that placed overseas students in short-term accommodation.

I quickly went into what I thought at the time was ‘consultancy’, but it wasn’t, because nobody was willing to pay a 17-year-old to give them advice on their business! However, what I did find was a niche – that companies who did want my help were going under. So I pushed myself into helping companies that were in trouble – going in, picking up the phone, making sales, helping to dispose of assets, working with liquidators and lawyers – getting dirty and ‘intimate’ with businesses that were in financial distress.

I did this with a degree of success over a number of years and ultimately I was picked up by a hedge fund that had a private equity fund, and helped them do the same for their portfolio. I was around 25 at the time.

I helped them with a number of interesting businesses over the years – the last company being in 2011. I decided at that point I didn’t want to work with turnarounds or bankruptcy any more – however lucrative, interesting and fascinating it was, it’s not my favourite world to wake up in. It’s fantastic helping the companies and it’s incredibly rewarding, but it’s a tough world to live in when you’re helping people who are in a lot of trouble.

So I then decided to focus my efforts on an equally needy sector – start-ups. There are some massive similarities between companies going under and companies starting up. I know it sounds odd, but if you looked in the mirror of a start-up you’d find a bankrupt company and vice versa.

My ‘special sauce’ throughout the whole time I helped companies in turnaround, was technology. I’d go in and add tech to existing, old-world businesses to improve efficiencies and create profitability, and prove that the businesses could work.

Through a fortunate set of events, I got a position on the

Selection Board of Microsoft Ventures – the global accelerator fund at Microsoft – to help them select future businesses to invest in, or back on a monetary or partnership level. This introduced me to about 400 companies a year, and enabled me to see new and exciting technology – some of which I invested in. At the same time, I met my current business partner – a San Francisco-based engineer who led special projects for Microsoft.

How that brings us to the present day is that in July of last year, I decided to move to Guernsey to begin the set-up of our tech fund. In the months following, I realised there was a large infrastructure challenge and created Waves to deal with that.

So, it wasn’t until you got to Guernsey that you noticed there was a hole in the transport market?

We don’t see it as a hole; we see it as an opportunity. I have a very simple way of identifying problems and that’s just by talking to people. I must have spoken to over 1,000 people in a couple of months – from taxi drivers and waiters to friends and business people – and I just asked them: what was the biggest challenge they faced living on the island? What were their top three needs? The same thing came up every time... I didn’t need to make the decision, it was made for me.

Waves has been described in some quarters as an Uber-style service, but is that accurate? How will things work in reality?

Uber’s an on-demand taxi service and we’re an on-demand air taxi service, so there are similarities, I guess. You could liken us to Uber in that they’ve reinvented how to order a taxi – and we’re reinventing the way people book a plane.

The methodologies will be different though. You’ll be able to book a Waves plane online and on your mobile. You’ll also be able to give us a call and make a booking. That said, it’s ultimately a mobile-first piece of technology.

So, for instance, if you want to get from Guernsey to Jersey next Tuesday, you’ll log into the system and you’ll see aircraft that are already chartered and are moving between Guernsey and Jersey, and you’ll have the ability to join that charter. Or you might have a time that you want to travel where there isn’t a charter available, where you request the ability to take an aircraft at that point.

In a way it’s no different to a Thomson holiday, where a chartered aircraft leaves Gatwick to Faro on a given date – the only thing people have done is bought a seat on that charter. We’re doing the same thing. There will be aircraft leaving every day and moving between the islands. Because someone will have ordered a charter, there’ll be seats you can join on that charter.

On average, how many flights do you anticipate running every day?

We have the ability to run one flight an hour, if not more. But the answer really is how long is a piece of string. We’re an on-demand service, so we’re responding to the requirements. We currently have one aircraft on order and my hope is that we can have another two here by the end of the year. We need to get into the market. We need people to start understanding and utilising our service for us to be able to work it from there.

You mention you’ve bought your first plane, so when do you expect to be fully operational?

The first aircraft has to be delivered from Wichita in Kansas – which is no mean feat. We anticipate having it in the Channel Islands in the middle of July. We have some proving and safety testing to do. And we anticipate being live, and flying customers, in the early part of August.

What sort of fares do you expect people to be paying – or will that depend on the number of people booked on the charter?

It’s never dependent on the number of people booked on the charter. All prices will be flat all year round, with no changes whatsoever... ever. We anticipate ticket pricing within the Channel

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Islands to be between £45 and £65 per ticket, dependent on the route. We're finalising prices at the moment, but that's roughly what you're looking at.

So, what routes are you launching with?

It's just the Channel Islands to begin with – Guernsey, Alderney and Jersey are the first locations. Again, we're an on-demand service, so we'll fly where the demand is. So, if the demand in the morning is from Jersey to Alderney, we'll cater to that. If demand in the afternoon is Jersey to Guernsey, we'll cater to that.

And what about flying beyond the islands?

That would be phase two. Phase one, for the first couple of months, will be the Channel Islands. Then we'll look to expand our operations into northern France and southern UK, and then further afield in 2018.

Not long after you'd announced your launch, a similar service, Isle-Fly, launched in Jersey. Are they direct competitors?

I know the Jersey Jet Centre guys – they're a great bunch and we get on very well. They're offering a very different service to what we're offering. As an ecosystem, we're actually complementary. Yes, they're an air taxi like us, but my understanding of their business model is that they're chartering the aircraft for longer-distance requirements. We're trying to specialise in these 30-minute hops. They would prefer to specialise in further afield, so they'll be flying immediately into France and the UK and Europe.

Moving on to more practical considerations, and the Cessna Caravan that you're using. How would you respond to concerns about it being a single-engined plane piloted by one person?

We appreciate that concerns remain, and we respect that opinion, but I'm not going to get into an argument between single- and two-engined planes. We're 100 per cent comfortable and confident in the aircraft we've chosen – because of the airplane, its reliability, its safety record and the fact that there are 2,500 in circulation right now flying all around the world doing exactly what we are planning to do.

The Cessna Caravan has a jet engine with a propeller on it – that's a very different proposition to a piston engine, which has been used on the inter-island route previously.

My second point is we're going through an Air Operators Certificate under EASA rules. As an operation, we have to disclose the aircraft we're using, in order to receive that AOC. If the Director of Civil Aviation deems us, and the aircraft, as a viable, reliable and safe mode of transport, that's a better answer than I can possibly give to convince you.

In terms of regulations, are you overseen in the same way as a scheduled airline?

We're regulated in exactly the same way. We're going to be carrying passengers for payment and we have to go through the same requirements to get our AOC as British Airways does, as Virgin Atlantic does, as Blue Islands and Aurigny do. An AOC is not given away willy-nilly to anybody.

Is the goal ultimately to expand into larger aircraft and to build on the business model so that you can offer scheduled flights?

We're entering a world that's slightly unknown to us on the demand side. We're building a business for the purpose of inter-island travel. When we see what the demand signals tell us, then we'll adapt – we'll consolidate, upscale or downscale depending on that. I think the best thing to say is: we're building this for the purpose of demand, so watch this space.

The Channel Island mentality can be quite negative, full of naysayers. Do you think people expect you to fail?

People are entitled to their opinion. But I would say we're a



FACT FILE

Name: Nick Magliocchetti

Age: 39

Position: CEO, Waves

Married to: Emma

Children: Luca

Hobbies: Segway polo, flying (a new one)

Interesting fact: I was on a boat off Phuket in Thailand on 26 December 2004 when the tsunami hit

Guernsey business, we're doing a Channel Islands AOC, we have a Guernsey bank account, we have Guernsey shareholders and employees, we're looking to set up a Jersey company, and we're looking to hire Jersey people. We're not a Swiss company, we're not a Tel Aviv-based tech company... we're Channel Islands. Regardless of what positive or negative things people say, this is being built in the islands.

People might have negativity around an idea or might not believe in it, or the people or technology. But one of the things I love about the Channel Islanders is that they're incredibly, and almost religiously, passionate about the islands. We're a Channel Islands-based business through and through, so whenever I meet that negativity, I say: "Listen, you should always hope for the best for a Channel Islands business."

Do you have other irons in the fire outside of Waves?

I'm an investor in many different businesses. I'm a geek, and I love crazy stuff. I own a few Segway businesses in Spain and about eight years ago we decided to pick up a pastime of San Francisco-based geeks – playing polo on Segways. Now the UK is in the World Championship and are known as Segway polo players. Odd? Yes. A load of fun? Massively!

I also own a number of different companies to different degrees. I bought into a sleep business a number of years ago, and I have a great time being involved in that, trying to improve the world's sleep.

What does success look like for Waves in 24 months' time?

Success for me is a team thing rather than a personal thing. We know we're going to sell tickets. We know we're going to have bums on seats, and we know we're going to be flying aircraft. Success is about having as much fun running the business as we're having building it – that we're growing it for us, for our shareholders and for the islands. Success for me isn't a number – I know that the numbers will come. ■

NICK KIRBY is Editor-in-Chief of BL magazine