Oracle CEO buys airline serving Hawaiian island

AUDREY McAVOY - Associated Press - Associated Press

Larry Ellison bought a small commuter airline in Hawaii in part to ensure it would continue service to the island that is mostly owned by the Oracle Corp. CEO, according to a representative for the billionaire's personal investment company.

The danger that Island Air could go out of business pushed Ellison's company to prepare contingency plans in case the airline failed, Lawrence Investments LLC Vice President Paul Marinelli said this week in a telephone interview. One option considered was to sign contracts with other interisland carriers to provide flights to Lanai.

Ellison purchased 98 percent of the land on Lanai from Castle and Cooke Inc. last year.

"There were almost 250 employees that if Mr. Ellison didn't step forward, I'm not sure they would be still employed," said Marinelli, who is based in Walnut Creek, Calif. "That's my impression based on the circumstances before we acquired it."

Marinelli said the purchase also would improve flight connections for residents and visitors. Those travelers would likely stay at the hotels Ellison also bought when he purchased the land on the island.

Layovers are often a big consideration for travelers, especially when tourists from the U.S. West Coast have the option of taking direct flights to Maui or Kauai instead of changing planes in Honolulu. The company hopes that by improving Island Air's flight schedule, for example, a traveler from California will only have a one hour layover in Honolulu when flying to Lanai instead of waiting three hours for a connecting flight.

The company also wanted to ensure Lanai residents can visit relatives and get medical care on other islands and otherwise come and go.

Island Air will remain an interisland carrier, Marinelli said. The company has no plans for direct flights outside Hawaii, but it plans to increase service to airports it currently flies to on Molokai, Maui, Kauai, Oahu, the Big Island and Lanai, he said.

Hawaiian Airlines holds a dominant share of the interisland market, which is also served by Mokulele Airlines and go! Airlines.

Hawaii's aviation history is littered with failed interisland carriers. Marinelli said Ellison's company was aware of that, but Ellison's enterprise has a different economic model because it owns both hotels and an airline.

"You may lose a little bit of money flying an extra flight from Maui or Honolulu to

Lanai," Marinelli said. "But if that flight includes visitors that otherwise would not have come and spent time on Lanai, then that could well be an overall positive or shall we say, profitable additional flight."

Ellison's company expects to be competitive and successful with Island Air, Marinelli said.

Many media reports have called Lanai Ellison's island, or mentioned how Ellison bought his own Hawaiian island. Marinelli said Ellison uses the term "our island" to refer to Lanai, Marinelli said.

"It's not 'Larry's island,'" Marinelli said. "He doesn't think of it that way and I think that's important."

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