

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE ASIAN
MID-MARKET
INVESTMENT ADVISORY
SERVICES INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD

The logo for ARC Group, featuring the letters 'A', 'R', and 'C' in a bold, black, sans-serif font. A small red triangle is positioned above the letter 'R'. Below the letters, the word 'GROUP' is written in a smaller, black, sans-serif font.

A R C
G R O U P

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. ARC Group excels in many of the criteria in the Asian mid-market investment advisory services space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Addressing Unmet Needs

Hong Kong-headquartered ARC Group is one of Asia-Pacific’s leading financial advisors. Through its comprehensive service provisions, innovation, and strategic market positioning, the company has carved a niche in the financial domain, including equity markets such as initial public offerings (IPOs), special

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*– Janani. S,
Associate Director*

purpose acquisition companies (SPACs), and prominent merger and acquisition (M&A) deals. ARC Group’s foray into the SPAC market in 2013 gave the company a significant first-mover advantage, which it capitalized on during the 2019 boom. It identified an opportunity in the mid-market clientele whose business needs were largely out of the purview of the large investment banks. This gap identification distinguished ARC Group from competitors and helped the company cement its position as one of the few firms targeting this niche in the region. To stay ahead of the curve and in response to changing geopolitical needs, ARC Group has put together a strong cross-border team that has been instrumental in helping companies transition their business from China to other Southeast Asian

countries. The company has also expanded its coverage of boutique advisory services for capital markets into countries such as Vietnam, Indonesia, and Malaysia. Its diverse service portfolio enables the client to

see ARC Group as their one-stop solution for changing economic needs.

Visionary Scenarios Through Megatrends

ARC Group's focus on mid-tier firms in Asia cemented its leadership position by catering to the clientele that other banks largely underserved. This approach not only expanded its market presence but also allowed it to capture emerging opportunities. The company prides itself on providing service continuity even after completing the listing process. This continuous support makes it the go-to firm for clients in its home country and Malaysia, ARC Group's second-largest target clientele.

The company also has the unique distinction of being the only broker-dealer with a local presence in Indonesia for listings on the New York Stock Exchange (NYSE) and NASDAQ and the sole M&A boutique firm offering unique capabilities in the region. For example, ARC Group facilitated Indonesia Energy Corporation's initial IPO on the NYSE—the first-ever listing by an Indonesian company on the NYSE—raising \$17.5 million. In addition, it had a key role in raising \$33 million for a well-known local medtech company, which allowed for significant improvements in healthcare solutions.

While other companies in the same industry found it difficult to sustain themselves in 2022 and 2023, ARC Group continued to grow and close multiple deals across sectors. The company constantly seeks to expand its service range, especially beyond the traditional capital and equity markets and into asset management, to secure more stable income streams.

Arc Group also ensured that it stayed ahead of the curve by fostering innovation and sustainability in the

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automotive industry when, in January 2024, it facilitated a joint venture between an Indian automotive OEM supplier and a Chinese electric vehicle (EV) firm to elevate the Indian supplier to the forefront of the EV space. ARC Group's strategic M&A advisory and deep cultural understanding leveraged the Chinese company's manufacturing and customized EV component capabilities to overcome market risks and cultural barriers. This partnership underscores the value of its best practices in creating trust and connecting markets.

Market Leadership in a Highly Fragmented Market Driven by Strong Financial Performance

ARC Group's core principle is 'higher risks equal higher rewards,' which has ensured success in complex financial markets. The company recorded significant growth in year-over-year revenues to the tune of 30% and 26% in 2023 and 2022, respectively, with corresponding operating margins of 42% and 36%. Historically, ARC Group achieved a 2,500% growth in 2021 as markets opened after the pandemic lull. The company was a market leader in revenue growth in 2022 and 2023 compared to the industry, even as its peers and competitors recorded a slight revenue dip.

ARC Group's growth strategy hinges on the following two pillars:

- Expanding organically by enhancing services and capabilities and bringing in new partners and team members
- Pursuing growth through acquisitions, targeting businesses valued between \$50 million–\$1000 million

In a market filled with direct and indirect competitors, ARC Group's competitive edge lies in its strong local presence and personalized services. Direct competitors include independent financial advisors—often unregulated—and US-based firms that lack an Asian presence. Indirect competitors are major banks that serve large mega-cap companies and do not target the mid-market segment that ARC Group specializes in. By targeting high-risk and -reward regions in Southeast Asia like Malaysia, ARC Group leverages its local expertise and years of experience to cut industry rivals out. In 2023, when the industry faced an average 30%–40% decline in truncation volume and many competitors faced losses, ARC Group continued to grow.

Implementing Best Practices

Intending to diversify the risk associated with excessive reliance on China for its business needs, ARC Group strategically reduced the share of its operations in China from accounting for nearly 100% of its business in 2022 to only about one-fourth of its clientele in 2023–2024.

The reduced focus on China was complemented by a more substantial presence in Malaysia, now accounting for 30% of its transactions. The remaining 45% of transactions are spread over global markets, including the United States and Europe, indicating the diverse clientele that ARC Group caters to. With deep industry expertise and a wide-ranging local network, ARC Group helps customers reduce risks and take advantage of emerging market possibilities to gain a competitive edge.

Frost & Sullivan also finds that the company has improved its execution skills and secured crucial sales representation through the judicious opening of offices in Stockholm and Dubai. As the center of consulting and management consulting, Stockholm helps Scandinavian businesses enter Asian markets. The Dubai office, which mostly serves businesses from China and Southeast Asia, provides an alternative to the US capital markets. With this regional footprint, ARC Group can provide adaptable and durable business solutions to fulfill customer demands in various areas.

The group wants to maintain its current workforce and hire new staff with relevant expertise to maintain the in-house talent. ARC Group develops and manages the majority of its capabilities internally.

Customer Service Experience

The testimony to the quality of client services is the degree of repeat clientele. Arc Group scores high on this parameter, with nearly three-fourths of its clients returning to fulfill their evolving business requirements. Notably, the company has a 72% repeat client rate, with many clients hiring its services for their unique, one-time needs. ARC Group's proactive approach, transparent communication, and significant local expertise are the vital differentiators contributing to repeat businesses.

As succinctly captured by Mr. Kevin Chen, CEO of EDOC Acquisition Corporation, "They are not just our preferred service provider but also a trusted friend."

ARC Group has not only implemented a customized customer relationship management system and cloud management software specifically for the investment banking sector but also has other systems for human resources, finance, and operations. These systems enhance efficiency, data management, and client relationship management. The company's use of artificial intelligence for market insights, understanding market dynamics, and reaching potential clients positions ARC Group as a technology expert in the investment banking sector.

Brand Equity

ARC Group positions itself as a full-service financial institution deeply rooted in Asia but with a global presence. The company's proactive approach to high-risk markets and customized technological systems are among the key initiatives that establish it as a reliable counsel. High client satisfaction and repeat business, which demonstrates its capacity to provide reliable and superior service, enhance ARC Group's reputation as a trustworthy and essential partner in the investment banking sector. The brand's strength is the faith customers have in its services. When competitors were laying off their workforce and cutting costs, ARC Group sustained and emerged as the market leader—thus building the image of stability in tough waters—something customers in a space like financial advisory services highly preferred.

Frost & Sullivan applauds Arc Group for leveraging its experience, expert workforce, and personalized customer relationships to build its brand among industry stakeholders and beyond.

Conclusion

ARC Group, a Global-based financial advisor, excels in providing strategic initiatives, leveraging technology, and maintaining high client satisfaction. The company excels in the financial services industry through three main streams of work: capital markets, M&A, and consulting. Its expertise in these areas, coupled with strategic initiatives and advanced technology, enables ARC Group to provide comprehensive support to clients. In addition, the company's ability to anticipate market trends and offer tailored services ensures high client satisfaction and repeat engagements. The factors above and its strong overall performance have earned ARC Group Frost & Sullivan's 2024 Company of The Year Award in the Asian mid-market investment advisory services industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends: Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan’s proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

