

# The cost of Success: Differentiating in a crowded ETF market

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Paul Alapat

The rapid expansion of Exchange-traded Funds (ETFs) over the past decade is a testimony to the appetite for low-cost investment portfolio options among investors and portfolio managers. With its increasing popularity, the ETF product space has become very crowded and the offerings very saturated. For new products, reaching critical mass means more sophisticated, differentiated, and active structures.

The unexploited gaps in the ETF markets are now fewer and more complicated to capture; consequently, strategy testing and index design are more time-consuming tasks. Reference benchmarks often need to be built from the ground up and less clean data needs to be tapped, cleaned, and normalized before they can be used. All of this means that ETF construction now arguably takes more time to market, with fewer guarantees of success and tight margins being the only unchanged parameter.

The increasingly competitive market requires a significant change in ETF issuers' mindsets. A complete overhaul of the ETF product creation, management, and distribution process, with parts of the production chain outsourced and other retained in-house, according to relative comparative advantage, to maximize efficiency.

We and other specialist offshore vendors offer end-to-end resource sourcing, management, and delivery options optimized for maximum cost saving from global centers. We look at workflow re-engineering and offer domain-centric outsourced support in strategy back-testing, ETF design and construction, methodology documentation, database cleansing and management, web development and content management, automated performance analytics, and reporting support. Integrated teams of programmers, index specialists, data specialists, economists, and equity analysts are assembled and deployed on an array of ETFs, data, automation, presentation, reporting, editorial, and other tasks at our offices, overseen by our supervisors and trainers.

We are delighted to be participating as one of the exhibit sponsors at [Index Universe's Sixth Annual Inside ETF conference](#) being held from 10-12 February 2013 at Hollywood, Miami. Do drop in at our exhibit stall to learn more about opportunities to partner.

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We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.

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[contact@acuitykp.com](mailto:contact@acuitykp.com) | [acuitykp.com](https://www.acuitykp.com)