



You Can Bet on This Tech Stock for Growth

Description

The 2018 FIFA World Cup is set to begin tomorrow in Russia, and one company is a sure bet for investors — **Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG).

For those that are unfamiliar with Stars Group, the company is a software-focused technology company that caters to the gaming segment or, more specifically, online gambling, which includes sports betting on events such as the World Cup.

While you may initially think that online gambling holds huge potential (and it does), Stars Group has barely even started to penetrate what can only be described as a [massive multi-billion-dollar opportunity](#).

The reason? Regulation.

Gambling is something that requires a slew of regulatory approvals to be met in nearly every market around the world. Those regulations are costly and time consuming. In some jurisdictions, such as in the U.S., applications to each state the company wants to operate in need to be submitted, which is part of the reason why Stars Group is only operating in a few areas currently.

A recent decision by the U.S. Supreme Court last month greatly reduced the barrier to entry into those new state markets. Specifically, the court found that a prior law known as the Professional and Amateur Sports Protection Act was in violation of the 10th Amendment of the U.S. Constitution.

That law made the states discourage sports gambling through actions of the federal government. With the ruling effectively rendering the former law unenforceable, the road is open for individual states to legalize gambling as they see fit.

Looking outside the U.S., expansion into other markets can often take a considerable amount of time to gather the requisite approvals.

Fortunately, tomorrow's sporting competition should help in that regard. The World Cup is the biggest sporting event on the planet, held only once every four years. More importantly, however, is the fact

that sports betting for events such as the World Cup have a nearly feverish following in parts of the world; there are parallels where sports betting and casino betting can cross into each other.

Judging from previous events, such as the Euro competition two years ago, local governments and authorities, under the promise of increased tax revenues, will no doubt seek to expedite approvals during the month-long competition.

Recent acquisitions uncover even more opportunity

Another announcement that came this spring that holds plenty of promise for Stars Group comes in the form of the incredible US\$4.7 billion deal to acquire U.K.-based Sky Betting and Gaming.

While the deal will make Stars Group the largest gaming company on the market, the long-term growth implications for the company are off the charts. Specifically, the Sky deal will address two of the main concerns that Stars Group critics have been vocal about: the over-reliance on poker games and market penetration to different group segments.

Stars Group is best-known for its line of poker games, but in recent years the company has tried to diversify into other areas, such as sports and other casino games. While those efforts have been successful, poker still constitutes a large share of earnings. This will change once Sky's betting portfolio is taken into consideration, which will drive poker revenue down to just 40% of the company total.

As a result of the acquisition, Stars Group will not only have a solid footing in the U.K. market, but it will have a path to providing double-digit growth that could span several years while attracting a new audience, which makes the company one of the most [attractive tech investments](#) in the market.

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