



## This Tech Investment Has Massive Potential

### Description

Few investors on the market today that haven't at least heard of **Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG) or its prior name, Amaya. The technology-focused company has a suite of online gambling games that includes sports betting, casino games and its most well-known product line, online poker.

Stars Group's poker line of games includes a myriad of well-known brands, such as BetStars, Full Tilt, and PokerStars, which have so far been granted approvals to operate in 19 jurisdictions worldwide.

### Three reasons that Stars Group makes for a great investment

While online betting carries a certain taboo, as an investment opportunity, there is an [unlimited amount of potential](#). The current 19 jurisdictions in which the company operates represent a small drop in the bucket of what could be incredible growth.

Over the course of the past year, Stars Group has announced the entry or intent to enter various markets, but none bears more significance in terms of potential than does India. Stars Group CEO Rafi Ashkenazi emphasized the importance of the market last year, noting that the timing of Stars Group's entry into that market would be key, and could lead to gaining a share of at least half the Indian market, thereby amounting to \$150 million per year or more.

PokerStars went live in India this past spring, but it could be a quarter or two before the impact of that entry is revealed in quarterly financials. The latest quarterly report, which will span the period to the end of June, will be announced later this month.

The second point worth mentioning is another expansion, this time by acquisition.

After several years of searching for a partner to grow with, Stars Group acquired U.K.-based SkyBetting and Gaming, which effectively made the company the largest online gaming company on the market. Beyond the solid entry into the lucrative U.K. betting market, the deal poses a number of key advantages for Stars Group.

The US\$4.7 billion deal addresses one of the main concerns of critics: diversity. Stars Group is predominately known as an online gaming platform for Poker games, and Poker does constitute the majority of the company's revenue. In recent years, the company has pushed on other fronts such as casino games and sports betting to lessen that reliance, but the Sky deal will push Poker's share down to 40% of company earnings.

Additionally, Stars Group can now appeal to a larger audience. Sky is well known for its popular mobile apps, which attract a younger demographic, as well as its impressive sportsbook offering. More important, there is an opportunity for Stars Group to cross-sell across both sets of users and platforms.

Finally, there's a recent decision by the U.S. Supreme Court.

Earlier this year, the U.S. Supreme Court struck down the *Professional Amateur Sports Protection Act* as being in violation of the Tenth Amendment of the U.S. Constitution.

In short, the repealed law pushed the states via the actions of the federal government to discourage sports gambling. With that law now overturned, the individual states can and likely will proceed down the path towards legalized gambling, with the incentive being the potential tax windfall from adopting online gambling.

### Should you invest in Stars Group?

Stars Group remains one of the most attractive growth picks on the market, particularly in the [lucrative tech sector](#). With the upcoming quarterly results likely to include some growth from the Indian market and further opportunities for expansion likely, investors seeking long-term growth would do well by investing in this long-term growth-play.

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