



3 Reasons Sports Betting Is the Next Legal Marijuana

Description

When marijuana was legalized in Canada last year, investors from across the world poured billions into the industry, pushing valuations to record highs and enticing hundreds of entrepreneurs to launch new ventures in the space.

However, investors seem to have missed another industry that was also legalized last year — sports betting. Here are three reasons this newly legitimized industry could have a massive impact for traders who manage to get in early.

New laws in America

The United States Supreme Court recently struck down the Professional and Amateur Sports Protection Act of 1992, opening the door for legalization of sports gambling on a state level across the country.

At the time of writing, eight U.S. states have already moved to full-scale legalization, two have passed bills, and nearly all the rest are on track to do the same. Fans in New Jersey have already [wagered \\$1 billion](#) within the first six months of legalization. It's an industry that experts estimate could be worth nearly \$60 billion in the U. S. alone.

The global industry, meanwhile, is estimated to be worth \$156 billion by 2024, putting it on par with the size of the global legal marijuana industry.

The rise of live streaming

Another factor that could propel the sports betting sector forward is the ease of access through digital-streaming portals. Toronto-based **theScore** (TSXV:SCR) already has 3.7 million monthly active users on its mobile live streaming and fantasy sports app, making it the leader in North America.

The company now wants to integrate its online platform with betting tools to bring gambling features to its millions of users. This savvy move could help the company multiply its annual revenue within a few years.

E-sports

Broadband access and the rapid evolution of the computer gaming industry has created an entirely new arena for younger players. Video games are now live streamed to millions of fans across the world who follow every event as passionately as traditional football or hockey fans.

Gaming researcher NewZoo says the global e-sports industry is on track to generate \$1.1 billion by the end of this year and \$1.8 billion by 2022, with nearly 645 million viewers expected by then. Integrating the ability to bet on outcomes of live e-sport events could augment the industry further. theScore has already launched an e-sports platform with half a million followers.

Although investors don't consider the legal sports betting and online streaming industry on par with legal marijuana, theScore's valuation is certainly on par with some of the biggest cannabis stocks. The stock trades at nearly four-and-a-half times its annual revenue. Last year, it lost \$6.2 million on revenue of \$27.7 million. Despite this, the stock price has nearly doubled over the past 12 months.

If the company can crack the recently liberalized U.S. market for sports betting, perhaps it can grow into this hefty valuation — although that's a bet for investors with a serious appetite for risk.

Bottom line

It's an interesting time for companies like theScore. The move to legalize sports betting coincides well with the rise of live sports streaming and the growing popularity of e-sports. The combined industry could soon be on par with the global market for legal marijuana, which means investors who pick up on this trend early could be in for a windfall.

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