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A wave of tech consolidation will drive the next leg of the bull market

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Netflix co-founder and chief executive Reed Hastings

Even if you can't quite squeeze the prospectus into a 140 characters, it is now clear that Twitter is up for sale, with Disney and Google touted as possible buyers. There are rumours swirling of a possible take-over of Netflix. A mega-deal between Amazon and e-Bay has been reported as under discussion, and at least one of the fast-growing music streaming services, led by Spotify, could well be the next company on the block.

The booming tech sector is gearing up for a wave of consolidation, as some companies discover they don't really have a business model, others find that they don't have the cash to compete in a ferociously competitive market, and some of the emerging Chinese giants wade into the market.

That matters – and not just because it will consolidate the hold of the big companies that already dominate the internet. It will drive the next stage of what it already turning into an epic bull market. Indeed, if frenzy of M&A deals breaks out, it could easily mark its top.

The screaming hoards of Corbynistas, Cyber-Nats, and swivel-eyed Ukippers that make up daily life on that relaxed and tolerant forum for genteel discussion known as Twitter may soon find they are hammering out messages for a different corporate overlord. After a terrible year on the stock-market, and with is founder Jack Dorsey seemingly unable to turn it around, it is now up for sale.

Jack Dorsey, Twitter co-founder and chief executive

Alphabet, the new name for Google, is said to have turned it down but may yet change its mind. Disney, slightly implausibly, is said to be in the running, even if Walt will be turning in his grave at some of the language used on the site. Salesforce.com is said to be interested as well, along with Microsoft. We will probably find out who the buyer is in the next month.

But that is far from the only mega-deal on the rumour mill. On Wall Street, shares in Netflix have been rising on talk that the company might be a target, with Apple touted as a suitor, as well as, again, Disney (although someone will have to delicately explain to Walt's ghost what 'Netflix'n'Chill' actually means).

If it not looking at Netflix for a way to spend some of its massive $230 billion cashpile, Apple is also said to be eyeing up the music streaming service Tidal, although more realistically it might prefer to buy the far more successful Deezer or best of all Spotify. Given that Amazon never likes to be left out of anything, it has been lined up as a potential buyer of e-Bay, even if any deal might run into monopoly issues given that both dominate online marketplaces.

In truth, that is just a taster of the likely wave of bids and deals up ahead. The booming tech industry is seeing a spate of takeovers – and will power the next leg of what is turning into a major bull market. Why? There are three reasons.

First, some companies are discovering they don't really a have a business model – like Twitter. The social networking site has been, on one measure, a huge success. It has a more than 300 million regular users, and often dominates conversation in the media. But unlike Facebook, it has never convincingly found a way of translating that chatter into serious revenues. What it does have is a fantastic reach – which may well be more valuable to someone else. There may well be other companies down the line that fall into the same category – Snapchat has already reportedly turned down $3 billion from Facebook, but may be sold one day.

Next, some companies can't keep up with the investment required. Take Netflix, for example. It has built a fantastic model, and is turning traditional TV upside down. That has driven it to a $45 billion market value – more than double our own Sky. But all those new shows are hugely expensive to make, and it is going to take vast sums of money to pay for them all. Baz Lurhmann's The Get-Down cost $120 million, while the up-coming 'The Crown', telling the story of the Queen, is costing $130 million, making it the most expensive TV show ever. That is a massive bet on content – but a costly one.

The Get Down - a Netflix produced musical drama about the birth of hip hop

Likewise, the music streamers may find they need more cash to keep up with the cost of all the music they provide – Spotify's revenues topped $2 billion last year, but its losses also widened to $194 million.It may take a bigger parent corporation to finance all those ambitions.

Finally, there are some very deep pockets out there. The five American giants of the tech industry – Alphabet, Apple, Amazon, Facebook and Microsoft – all have valuations of more than $300 billion and dominate the rankings of the top ten companies in the world. They all have vast quantities of money to spend. But there are also some new players from Asia that may well want to crash the party. China's two online heavyweights Tencent and Alibaba are both worth more than $250 billion, and may well to lever themselves up into the big league. Tencent recently spent some loose change – well, $10 billion actually, but that is hardly real money in this world – for Finland's Supercell, maker of the Clash of Clans game. There is a lot of cash burning holes in a few pockets – and that is usually a recipe for some mega-deals.

Clash of Clans

The bull market that started in 2009 is turning into one of the longest in history. Taking the Dow Jones Industrial index as the benchmark, this is already the third longest bull run since records began. If it makes it past Christmas without a crash, it will be the second-longest, and if it can stagger on all the way to March next year, it will even over-take the epic run of the 1920s as the longest of all time. But it has also been one of the dullest, with some of the most modest overall gains given how long equity prices have been rising.

One explanation is that, so far, it hasn't seen the kind of wave of deals that usually mark the top of any rapidly rising market. In the bull run of the 1990s that culminated in the dot com bubble AOL ended up paying $164 billion for Time Warner. In the bull run of the 1980s, the leverage buy-out specialist KKR ended up paying $25 billion – big money in those days - for RJR Nabisco. The enthusiasm and energy generated by a bull market encourages companies to make some very big bets, and the high prices paid for the target companies drive equity markets even higher, generating even more exuberance.

This bull run hasn't seen anything like that – not yet anyway. The tech sector may be about to provide it. There will be a lot of excitement – and stock markets will be powered a lot higher. That will probably be the time for the smart money to get out. In the meantime, however, there are some fireworks left in this market – and the tech sector looks ready to light up the blue touch paper.