

AI Coding Overview

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Premier investment bank dedicated to the AI industry

www.stepmark.ai



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Market Opportunity



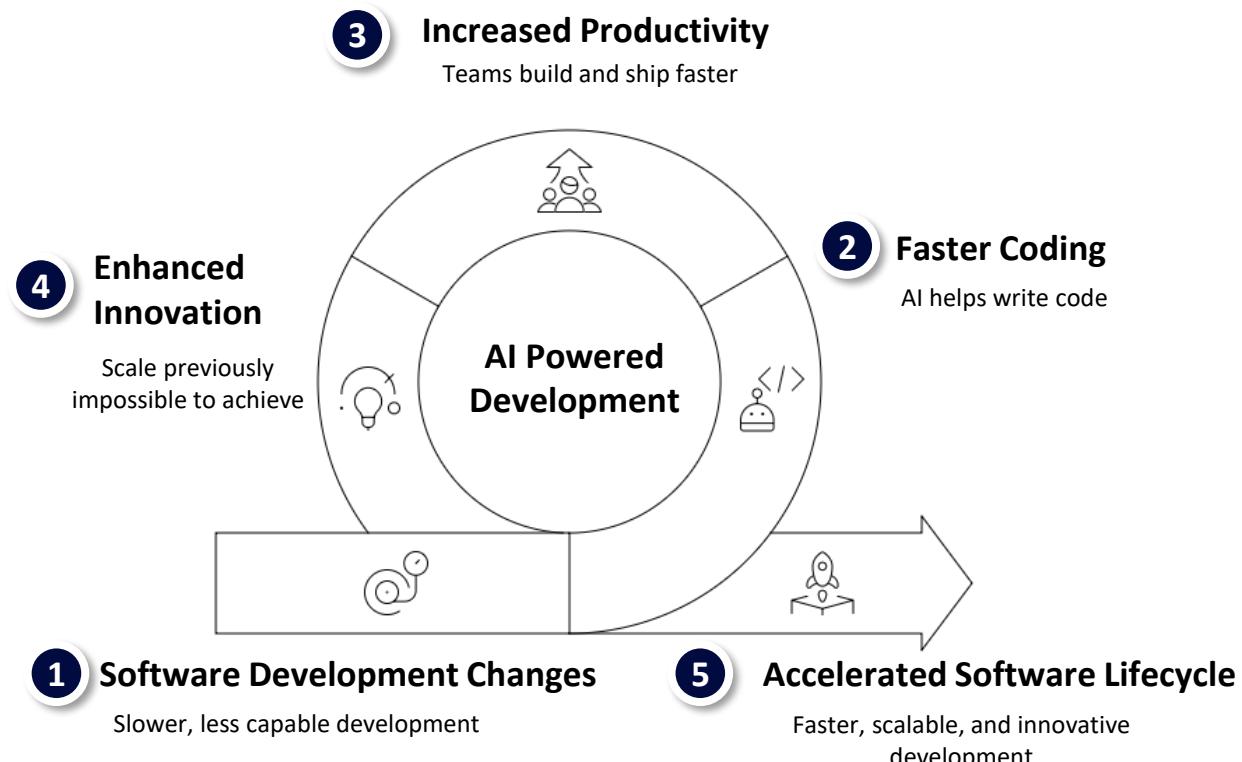
Why This Matters

AI's Role in Redefining the Future of Coding

How AI Transforms Code Development

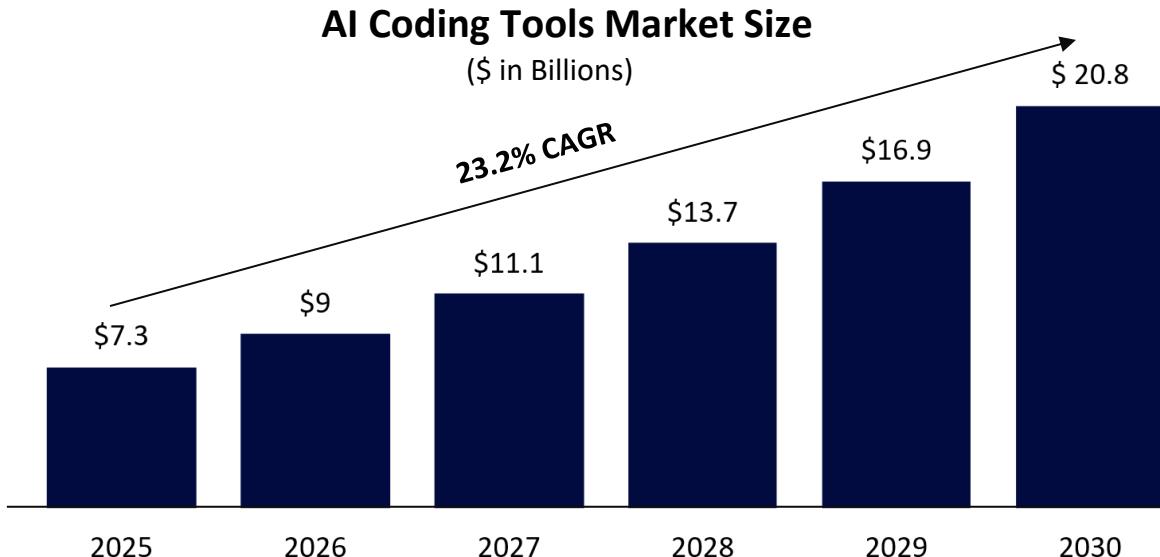
- AI is transforming software development by dramatically boosting speed, productivity, and accessibility
- Platforms like Cursor, Gemini, Windsurf, and Claude Code accelerate coding, letting teams build more, ship sooner, and innovate at a previously unimaginable scale
- At the same time, these advances raise important considerations :
 - Code quality and long-term maintainability
 - Security and trust in machine-generated output
 - Intellectual property in co-created systems
 - The evolving skillsets and roles of developers
- ***AI now permeates the entire software lifecycle, reshaping who can code, how fast teams scale, and the speed at which ideas reach users***
- ***Instead of replacing developers, AI acts as a force multiplier and accelerates modern software development***

Supercharging Software Development with AI



Market Landscape & Trends

AI coding tools are booming as enterprise adoption and innovation accelerate



Performance

- With Copilot, Microsoft has seen up to 22%⁽¹⁾ increase in weekly pull requests
- Microsoft found developers completed 26% more tasks weekly using AI coding tools
- Developers using Copilot completed tasks 56% faster than those without it (Github)

Major Developments

2022 – GitHub Copilot launched, hitting 1.2M users in 1 year, popularizing AI-assisted coding

2023 – Enterprise tool CodeWhisperer scales, with Copilot hitting ~50K customers by EOY

2024 – Generative AI contributes to over 40% of global code, totaling 256B+ lines written

5 Emerging Trends in the Market

1

Expansion of Multimodal AI Models



AI tools parse code, diagrams, voice, and screenshots—accelerating developers' writing, debugging, and reviews.

2

Rise of AI-Native Development



Tools now integrate directly into the IDE⁽¹⁾, streamlining bug detection, error correction, and testing.

3

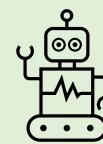
Ethical and Responsible AI Coding



As AI becomes more integrated, companies focus on bias, transparency, and responsible use.

4

Agentic AI Development



Shift from suggestions to autonomous AI agents executing complex development tasks independently.

5

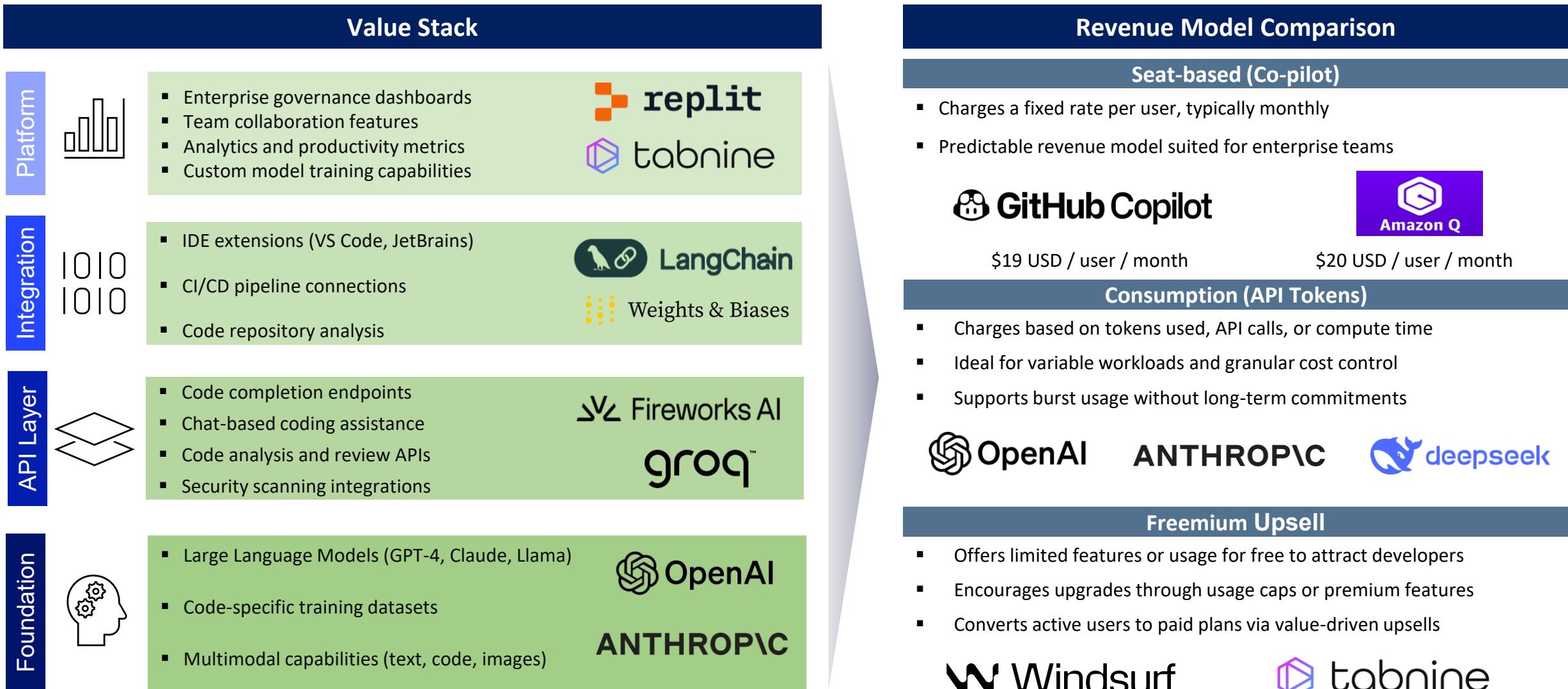
Low-Code / No-code Integration



AI tools democratize development—70% of new enterprise apps will use them by 2025.

Value Stack & Revenue Model

AI dev tools monetize across the stack through seat-based, usage-based, and freemium models



Market Opportunity



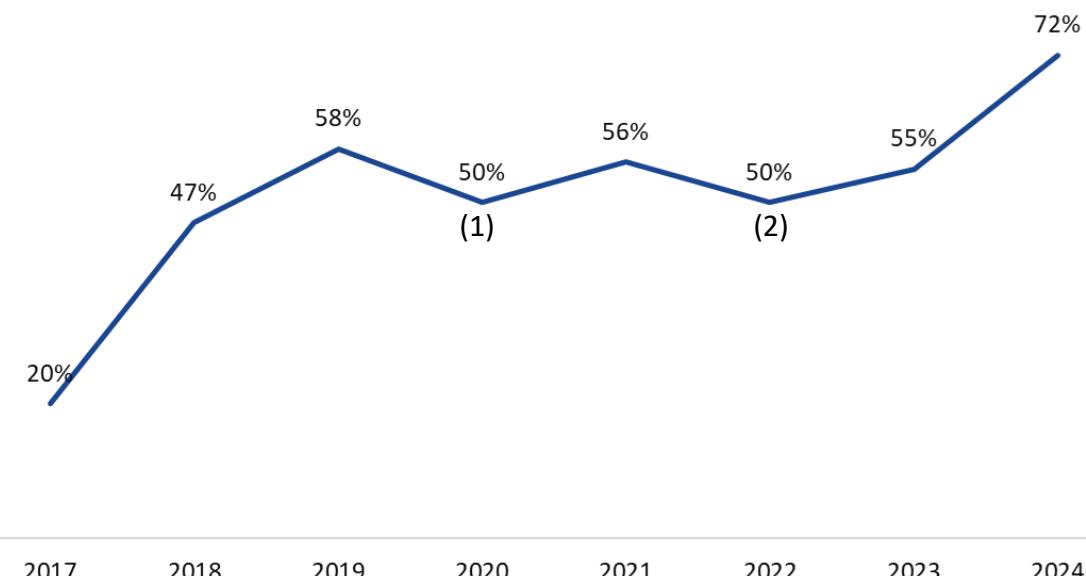
Adoption Curve

From early pilots to mainstream deployment, AI coding adoption is accelerating despite enterprise friction

Enterprise POCs vs. Org-wide Rollout

- 1.3M paid GitHub Copilot subscribers, 50K enterprise customers
- 67% of Accenture developers use Copilot 5+ days per week
- 40% of orgs now move from POC to production in under 6 months
- Cross-functional use cases (IT + compliance) increase stickiness

Organizations Using AI in at Least 1 Business Function(s)⁽³⁾, % of Respondents



Key Accelerants & Friction

- Accelerants: 55% faster task completion, 87% preserve mental effort
- 64% of organizations lack AI visibility, 43% split on trusting AI output
- Model hallucination = #1 barrier to scaling coding copilots
- Only 18% of companies have formal AI governance frameworks
- Tech/startups highest adoption, insurance lowest at 35% acceptance
- Unclear legal IP ownership

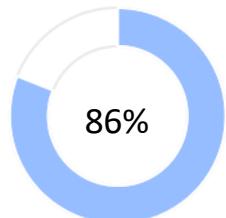
According to McKinsey's The State of AI in early 2024⁽³⁾, the definition of AI Adoption is as follows:

- In 2017, the definition for AI adoption was using AI in a core part of the organization's business or at scale
- In 2018 and 2019, the definition was embedding at least 1 AI capability in business processes or products
- Since 2020, the definition has been that the organization has adopted AI in at least 1 function.

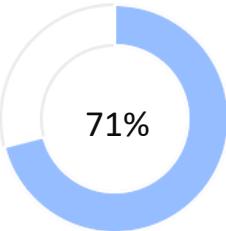
User Workflow Impact

How AI Tools Are Transforming Developer Productivity, Learning, and Output

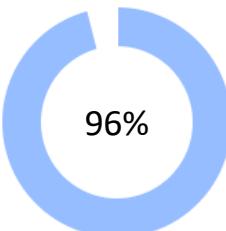
Developer Sentiment & Adoption



Of developers report AI boosts productivity

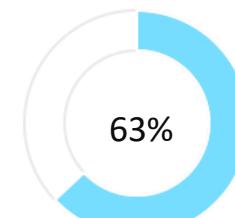


Say it helps them learn or ramp up faster

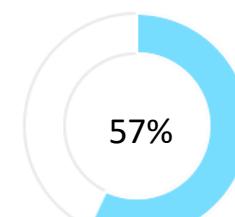


Believe AI will improve debugging and test generation

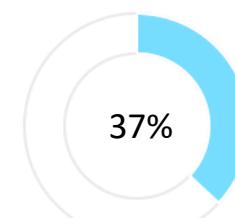
Uptake, Productivity & Wellbeing with AI



Of Stack Overflow users are currently using AI in their process

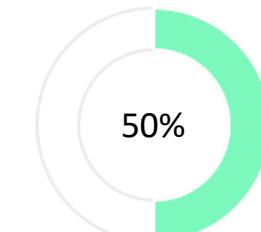


Believe AI tools help them learn actively on the job

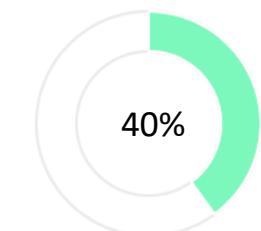


Of developers at Cognizant, reported increased productivity

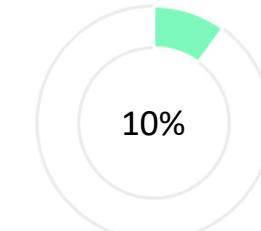
Coding & Task Completion Time



Increased productivity amongst Meta engineers using AI



Of Microsoft's code now written using GitHub Copilot



Increased productivity amongst Google engineers using AI

Competitive Landscape

AI coding market is segmenting fast across ecosystem giants, model labs, vertical stacks, and specialized IDE challengers.

Big Tech Ecosystem

- **Criteria:** Backed by a major cloud or productivity platform; broad enterprise distribution and deep integration across developer tools
- **Highlight:** GitHub Copilot (Microsoft): 1.3M paid users; now accounts for 20–30% of global code generation

Model Developers

- **Criteria:** Core focus on foundation model development; monetize via API access, licensing, or downstream developer tooling
- **Highlight:** Anthropic: Powers interactive build sessions via Claude's Artifact feature, merging coding and chat

Specialized IDE

- **Criteria:** Purpose-built IDEs re-architected around AI-native workflows; emphasis on agentic coding, debugging, and full-stack control
- **Highlight:** Cursor – Rebuilt from scratch; achieves 300% OSS growth, simulates senior developer reasoning

Platform-Centric / Vertical

- **Criteria:** AI tools embedded within targeted platforms or user segments; often serve solo devs, education, or security-sensitive use cases
- **Highlight:** Tabnine – Privacy-first AI assistant with strong adoption in security-focused verticals

Model Developers

ANTHROPIC  DeepMind

 Meta  MISTRAL AI

 OpenAI 

 Cody  CURSOR

 Cognition  deepseek

 Red Hat  Windsurf⁽¹⁾

Specialized
IDE

Big Tech
Ecosystem



 Gemini



 HashiCorp⁽²⁾



 WatsonX

 bloop.  cogram

 JetBrains AI  replit

 Retool  tabnine

Platform –
centric/vertical

Startup Heatmap

AI dev startups are clustering by funding stage, with new entrants scaling rapidly toward Series B and beyond.

Market Overview

- AI dev tools gaining traction with enterprise buyers
- ARR growth velocity (e.g., Cursor's \$0 → \$300M in <1yr) is breaking SaaS growth curve precedents by 5–10x
- Burn multiples are 2–4x higher than SaaS due to model costs

Funding Snapshot

- \$4B+ invested since 2022 in the AI coding space
- 78% of organizations increasing AI developer tool budgets

Seed to Series A

- Seed rounds at \$2–5M, Series A at \$10–25M
- Early traction needed to raise above-market rounds

Series B / Series C

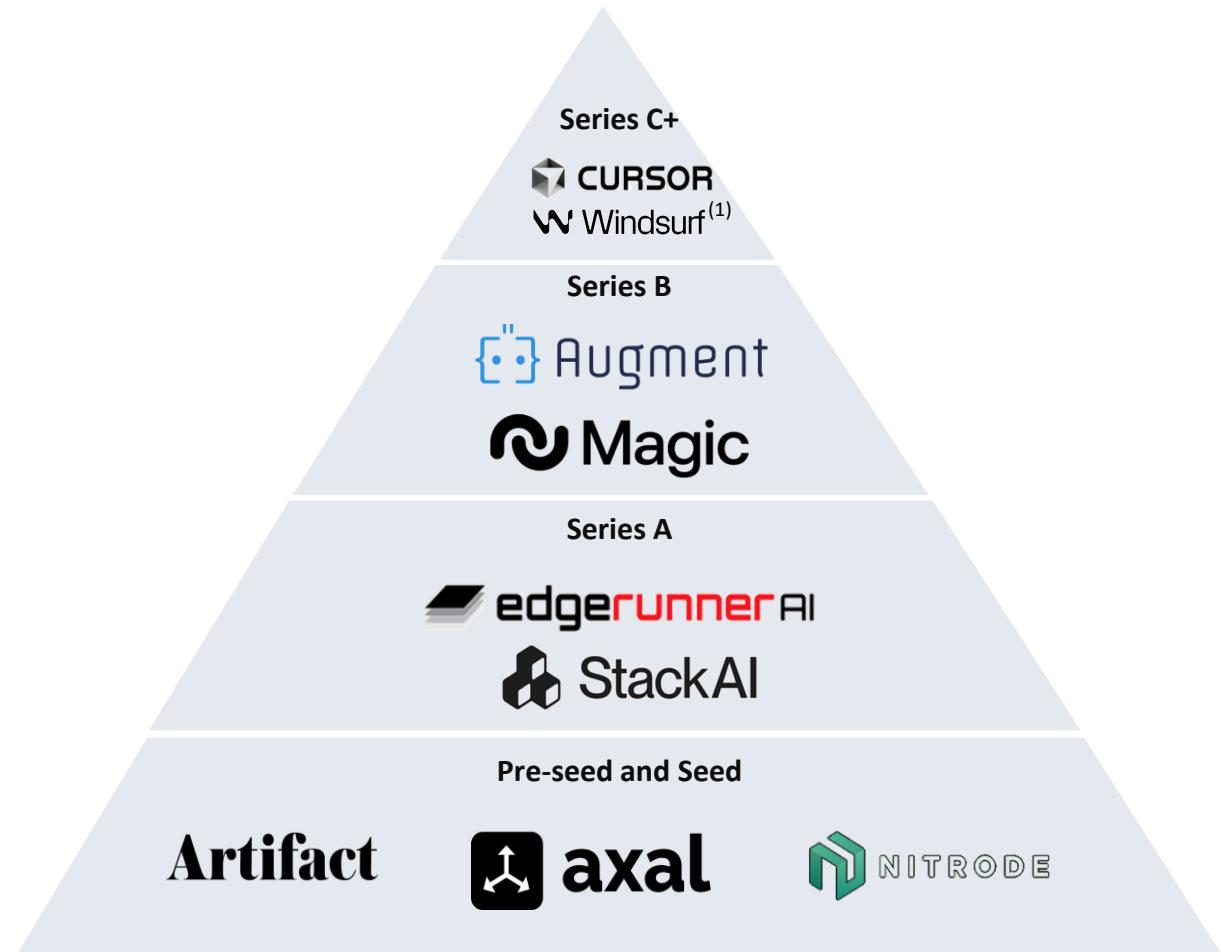
- Rounds now exceeding \$50M
- Capital used for global go-to-market and infrastructure scaling

Notable Newcomers

- Sweep, Continue, CodeGeeX, Augment

Emerging Global Activity

- CodeGeeX and others showing strong China-based innovation
- Open-source ecosystem supporting international dev growth



Prominent AI Strategies

The strategic moves driving ai's role in software development



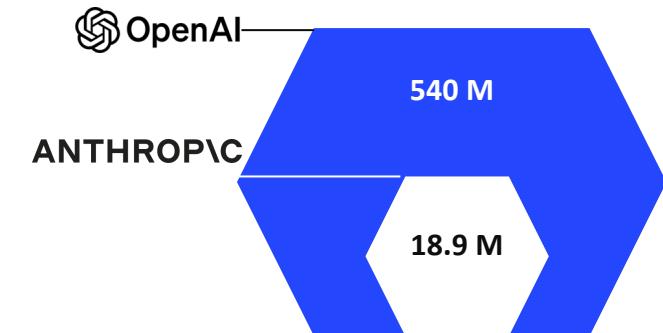
- Gemini 2.5 Pro, accessible via AI Studio and Vertex AI, allows developers to generate code using natural language
- In benchmark tests, Gemini 2.5 Pro achieved a 63.8% success rate on agent-like coding tasks, significantly higher than GPT-4.5's 38%



- GitHub Copilot now has 1.3 million paid users and grew its enterprise subscriber base 30% QoQ, with 50,000 enterprise seats sold
- Microsoft is also embedding Copilot throughout Azure DevOps and Visual Studio, enabling end-to-end coding workflows, test generation, infrastructure scripting, bug detection, all aided by AI



- As of April 2024, Claude has 18.9M monthly active users, trailing behind OpenAI's 540M
- Through Anthropic's new addition of Claude Code, they were able to increase revenue 5.5x, surpassing Cohere and Mistral in enterprise deal volume



AI Coding Major Players



AI-native coding tool turning text prompts into full-code projects with deep context and agent workflows.

Company Overview

- Founded in 2022 in San Francisco by MIT graduates
- Raised \$1B+ from a16z, Thrive, Accel, OpenAI Fund
- Valuation jumped from \$2.5B in Jan 2025 to \$9.9B in May 2025
- Released Cursor 1.0 AI Code Editor in June '25
- Developed a full-code AI IDE designed to replace traditional IDEs

Product and Services Overview

Starter	Everyday AI	Full Agent	Full Platform
Hobby	Pro	Teams	Enterprise
Free	\$20/month	\$200/month	Custom
<ul style="list-style-type: none">▪ Tab autocomplete,▪ basic AI chat,▪ 2K completions/mo.	<ul style="list-style-type: none">▪ Unlimited tabs,▪ \$20 model credits/mo.▪ bug agent access.	<ul style="list-style-type: none">▪ Full-agent workflows▪ Advanced integration▪ Automation capability	<ul style="list-style-type: none">▪ SLA-backed▪ On-premise▪ Priority support

Future Roadmap and Considerations

- Code Recall: Cursor remembers file context across sessions
- Smart Shell Actions: One-click execution of terminal tasks
- Privacy concerns over long-term session memory in team environments

Management team



Michael Truell
CEO
MIT



Sualeh Asif
CPO
MIT



Arvid Lunnemark
Head of R&D
MIT

Key Integrations



Windsurf (acquired by Cognition Labs)



AI coding agent that autonomously builds, edits, and understands full-stack software from natural language prompts.

Company Overview

- Founded in 2021, headquartered in Mountain View, California
- Raised \$200M+ from General Catalyst, Kleiner Perkins, Greenoaks
- Launched Codeium Plugin Oct 2022 and Windsurf Editor in Nov 2024
- Google hired Windsurf executives and key members as part of \$2.4B licensing deal; Cognition announced acquisition of rest of Windsurf

Future Roadmap and Considerations

- Cascade Memories: AI retains context across coding sessions
- Automated Terminal Commands: Intelligent command execution
- Privacy concerns over persistent context memory in enterprise settings

Partnership & Integrations



Product and Services Overview

Code Autocomplete	Design to Code	Slack Workflows	Stripe Integration
Basic	Pro	Teams	Enterprise
Free	\$15/month	\$30/month/seat	Custom
<ul style="list-style-type: none">▪ Rapid code autocomplete▪ AI chat▪ Unlimited usage	<ul style="list-style-type: none">▪ Extra LLM credits▪ Access to Supercomplete	<ul style="list-style-type: none">▪ Admin dashboards▪ Seat management▪ Personalization	<ul style="list-style-type: none">▪ On-prem or VPC▪ Model fine-tuning

Management team



Varun Mohan
Founder & Former CEO



Jeff Wang
Interim CEO



Anshul Ramachandran
Founding Team

Ex-Palantir, MIT

Ex-Salesforce, UC Berkeley

Ex-Google, Caltech

AI-powered codebase copilot that navigates, explains, and modifies complex enterprise code using natural language

Company Overview

- Founded in 2023, focusing exclusively on AI-native coding agents
- Built by former engineers from top AI labs and tech companies
- Offers deep IDE integration with VS Code, JetBrains, and Vim
- Raised venture backing and emphasizes security (SOC 2 compliant)
- Competes directly with Cursor and Windsurf in AI developer tools

Future Roadmap and Considerations

- Remote Agents: Parallel tasks like refactoring and docs generation
- Agent Memory: Learns your style to ensure consistent suggestions
- Unclear handoff between agent and developer risks workflow friction

Key Integrations

 Confluence  Notion

Product and Services Overview

Context Engine	Remote Agents	Team Tools	Enterprise Suite
Community	Developer	Pro	Enterprise
Free	\$50/month	\$100/month/seat	Custom
▪ Unlimited code completions ▪ 50 messages/mo.	▪ Run agents in cloud, 600 messages/mo. ▪ VS Code extension	▪ 1.5k msg/month ▪ Slack support	▪ Unlimited usage ▪ SSO/SCIM ▪ Team admin tools
			▪ SOC 2 Type II

Management team



Scott Dietzen
CEO



Igor Ostrovsky
Co-Founder/Architect



Guy Gur-Ari
Co-Founder/Scientist

CMU PhD

Ex-Microsoft

Ex-Google

AI software engineer built to turn natural language into production-grade code with long-context reasoning

Company Overview		Product and Services Overview				
		Autocompletes	Ultra-content	Collaborative IDE	Custom Scale	
		Alpha	Pro	Teams	Enterprise	
		Free	\$20-50/month	TBD	Custom	
▪ Founded in 2022 and headquartered in San Francisco, California						
▪ Started by Eric Steinberger, and Sebastian De Ro						
▪ Raised \$460M+ from Atlassian Ventures, Jane Street, Sequoia						
▪ OpenAI rumored talks with Magic for strategic partnership June 2025		▪ Frontier-scale AI autocomplete	▪ UI-to-code (React)	▪ Collaborative IDE	▪ Private hosting	
▪ Launched CLI Coding Tool in Sept '23 and Magic Dev Assistant in Jan '24		▪ Ultra-long context	▪ Long-context synthesis	▪ Shared memory	▪ Compliance-ready infra	
▪				▪ Code review tools	▪ Model tuning	
Future Roadmap and Considerations		Management team				
▪ Long-Term Memory: Magic retains logic and task state across sessions						
▪ AI Shell Access: Executes shell commands through natural language						
▪ Privacy concerns over persistent code memory in developer workflows						
Key Integrations	  replit Hugging Face	Ex-Meta	Ex-Software Engineer	Ex-Google, Meta		

Advancing aligned AI to make systems more helpful, honest, and safe across tools, teams, and workflows

Company Overview		Product and Services Overview				
		Free Trial	Everyday Use	Heavy Usage	Full Access	
		Starter	Pro	Max	Enterprise	
		Free	\$17/Month	\$100/Month	Custom	
▪ Founded in 2021 and headquartered in San Francisco, California	▪ Started by Dario Amodei, Daniela Amodei, former OpenAI staff	▪ Limited access to models	▪ Access to more Claude models and Claude coding/deep search	▪ Higher output on all tasks	▪ Enhanced context window	
▪ Secured initial funding from FTX, later backed by Google and Amazon	▪ Basic web search capabilities	▪ Basic web search capabilities	▪ Early access to Claude features	▪ Early access to Claude features	▪ SSO, SCIM	
▪ Claude MCP saw 8M+ weekly downloads, used by Replit, Snowflake					▪ Audit logs for Claude	
▪ Released Claude Code preview in Feb '25 and full launch in May '25						
Future Roadmap and Considerations		Management team				
▪ Claude evolving toward multi-step planning and autonomous debugging	▪ Deepening integrations with VS Code, JetBrains, and internal tooling					
▪ Balancing code generation power with robust sandboxing and oversight		Dario Amodei Co-Founder, CEO Princeton PhD, Ex-Google	Daniela Amodei Co-Founder, President Ex-OpenAI, Stripe	Jared Kaplan Co-Founder and CSO Harvard PhD, Professor at JHU		

Partnership & Integrations



Gemini Code Assist



Google's context-aware code assistant for generation, debugging, and cloud-integrated workflows.

Company Overview

- Developed by Google DeepMind and integrated with Google Cloud
- Launched in 2023 as a member of the Gemini AI model family
- Supports major IDEs like VS Code and JetBrains via extensions
- Provides seamless integration with Google Cloud services
- Competes with Amazon Q and GitHub Copilot in AI coding tools

Product and Services Overview

IDE Completion

Individual

Free

- Up to 180K completions
- 240 chats/mo. in IDEs

Cloud IDE Assist

Standard

\$22/month

- Adds cloud integrations
- Enhanced security

Enterprise Integrations

Enterprise

\$54/month

- Private repo support, Apigee
- Advanced Cloud Assist

Developer Bundle

Developer

Custom

- Cloud credits
- Hands-on labs
- Sandbox tools

Future Roadmap and Considerations

- Expanding agent-driven workflows across core Google Cloud products
- Deeper IDE integration with smarter context-aware suggestions
- Limited IDE integration may hinder adoption by core developers

Management team



Prabhakar Raghavan
CTO of Google



Demis Hassabis
CEO of DeepMind



Josh Woodward
Head of Gemini

Key Integrations

ATLASSIAN **wipro**

Amazon's AI coding assistant for developers, deeply integrated with AWS tools and workflows.

Company Overview		Product and Services Overview					
		IDE Suggestions	Agentic Tasks	Code Transformation	Enterprise Admin		
		Basic	Basic	Pro	Pro+		
▪ Launched in 2023 by AWS under the Amazon Q platform							
▪ Operates across IDEs, CLI, and core AWS services		Free	Free	\$19/month	\$39/month		
▪ Recently announcing Kiro, an agentic IDE designed for code production		▪ Inline IDE & CLI suggestions ▪ 50 chat interactions/mo.	▪ Development agents like refactoring, tests ▪ 10 invocations/mo.	▪ Java/.NET transformations: Free up to 4k lines	▪ Includes admin tools ▪ Policies, analytics, IP indemnity		
▪ Supports Java/.NET code transformation workflows							
▪ Competes with Gemini, Copilot, and Cursor tools							
Future Roadmap and Considerations		Management team					
▪ Expanding agent capabilities throughout the AWS developer ecosystem			Mukesh Karki Director of Q <i>Ex-Microsoft</i>		Matt Garman CEO of AWS <i>Stanford, Kellogg MBA</i>		Rohit Prasad Head Scientist for AI <i>MIT Sloan MBA</i>
▪ Broader IDE coverage with improved inline interactions							
▪ Tightly coupled with AWS, limiting appeal outside the ecosystem							
Partnership & Integrations							

Future Outlook



Key Trends to Watch

Emerging forces shaping the future of ai-assisted software development

Key Market Drivers

1 Prompt-Based Coding Interfaces

- Tools such as Cursor, Copilot, and Gemini are enabling developers to write code using natural language.
- Anthropic CEO Dario Amodei predicts that, by next year, AI may be responsible for generating up to 90% of new code

2 Autonomous AI Code Agents

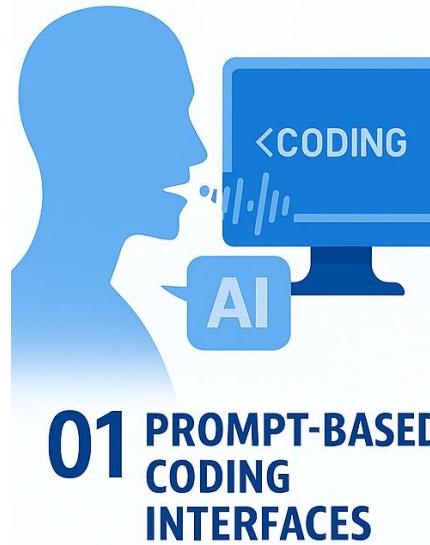
- Agentic software is rapidly advancing toward fully automating multi-step developer tasks, including debugging and automated pull requests.
- According to a GitHub public outlook from 2025, agent-based development workflows are expected to become standard practice within two years

3 Mega-Round Funding Surge

- AI sector investment grew by 51% quarter-over-quarter in early 2025. Major fundraises included \$40 billion for OpenAI, \$3.5 billion for Anthropic, and \$2 billion for Safe Superintelligence.
- Analysts anticipate continued record-breaking investment as competition around infrastructure and foundational AI models intensifies

4 Enterprise-Grade AI Security

- AI tools increasingly offer advanced security and compliance features, including granular audit logging
- Gartner predicts that by 2026, over 60% of enterprise software teams will require AI to meet formal security and governance standards



01 PROMPT-BASED CODING INTERFACES



02 AUTONOMOUS AI CODE AGENTS

03 MEGA-ROUND FUNDING SURGE



04 ENTERPRISE-GRADE AI SECURITY

Implication for Investors / Operators

AI coding is entering its platform wars—distribution, pricing, and adjacent tooling will define the winners

Consolidation Around Model Access & Distribution



- Big cloud players (MSFT, Google, AMZN) embedding AI coding in their stacks
- Standalone tools need differentiation on UX or niche features
- M&A likely as platforms absorb coding startups (e.g., GitHub)
- Distribution deals are key for go-to-market

Cloud giants embed AI, startups must differentiate

Pricing pressure as open-source models improve:



- Free tiers ballooning (e.g., Gemini 180K vs GitHub 2K)
- Open models (DeepSeek, Llama) nearing closed-source quality
- Pricing shifting from seat-based to usage/value-based
- Margins tightening as competition grows

Free and open models drive pricing pressure

Opportunities in tooling adjacent



- Security tools (vuln/IP scans) now table stakes
- Testing & docs automation gaining traction
- Infra tuned for AI (custom chips, fast inference)
- Integration tools linking AI coding to dev workflows

Tooling shifts from code generation to integration.

Looking into the Future

Speculative visions shaping the next decade of Ai-powered development

01 AI Humanoid Coding Assistants

- By 2035, AI-powered humanoid robots could autonomously code, test, and review within software teams.
- These “digital coworkers” might troubleshoot hardware-software issues and collaborate seamlessly with human teammates.



02 Decentralized Social Media Platforms

- Autonomous AI agents could build and manage decentralized, user-owned social media networks (future scenario).
- Such platforms may update and evolve codebases in real time, without reliance on human software developers



03 Sentient AI Development Environments

- Future coding may occur in immersive environments where developers speak or gesture to write code.
- Advanced IDEs might adapt to user mood, logic preference, and style, acting as evolving coding partners.



A passion for AI and finance.

Stepmark Partners is the premier investment bank dedicated to the AI industry.

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