



Allied Advisers Sector Update on AI Coding Agent

2025



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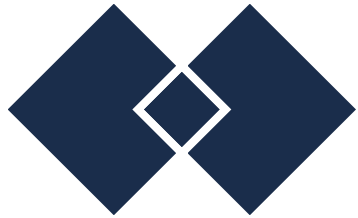
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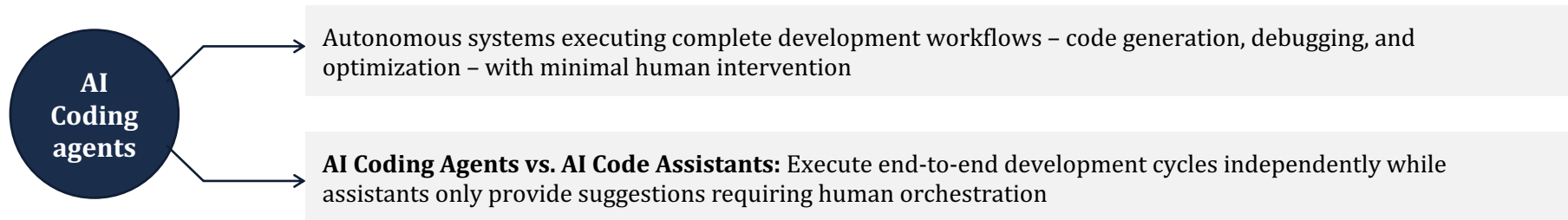
M&A and Financing Activity



Market Landscape

AI Coding Agent: Introduction and Evolution

AI coding agent growth stems from the shift in software development from manual coding to AI orchestration, opening new opportunities



Evolution of AI Coding Agents: From reactive assistance to proactive, end-to-end autonomous development automation



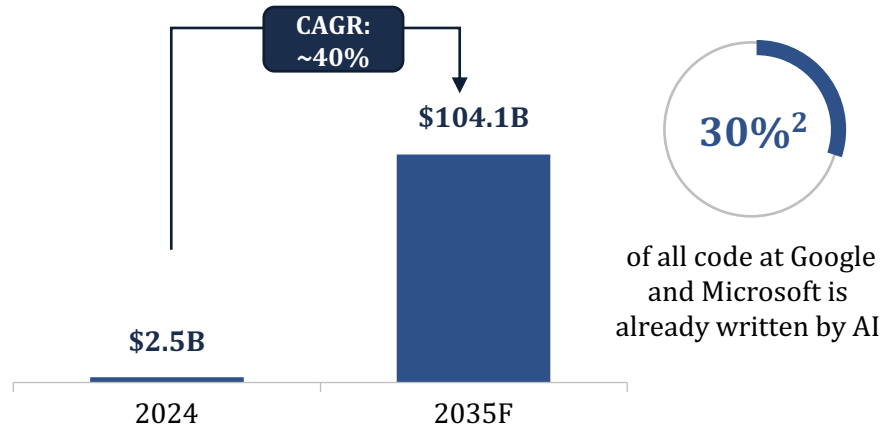
“We are taking GitHub Copilot from being a pair programmer (coding assistance) to peer programmer...a full coding agent built into GitHub. It fixes issues such as bugs, new features, or ongoing code maintenance... will complete these tasks autonomously.”

- Satya Nadella, CEO, Microsoft¹

AI Coding Agents: Market Landscape

AI coding agents are driving rapid market growth and accelerating innovation in software development, revolutionizing the tech ecosystem

Global AI Coding Agents Market Size* (\$B)¹



AI Coding Agents: Revolutionizing the Tech Ecosystem

Enterprise Adoption

AI coding agents powering core business applications in Fortune 500 companies

Developer Workflow Transformation

Shifting from reactive coding to autonomous, proactive development

Strategic Leadership

Tech giants implementing coding agents for competitive advantage

Startup Empowerment

Enabling startups to compete by accelerating development with minimal resources

Key Growth Drivers

01

Advancements in GenAI models

Enhances code generation, reasoning, and reliability

02

Manual legacy code maintenance

Consumes 60–80%³ of developer time, driving AI automation adoption

03

Integration into developer tools and DevOps pipelines

Streamlines coding, testing, and deployment processes

04

Multi-language

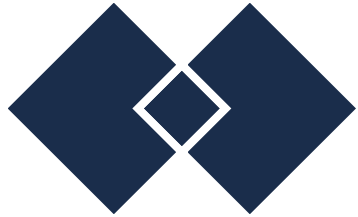
Single AI agent supporting 40+ programming languages

1. Roots Analysis

2. CB Insights

3. Medium

*The figures have been calculated by applying the code generation segment share (~48%) to the overall AI agent market



Implications for Developers

Impact of AI Coding Agent on Development Workflows

Building on rapid market growth, AI coding agents are transforming workflows, boosting productivity, and enabling teams to accomplish more with fewer resources

Integrating AI Coding Agents into Developer Workflows

20-55%

Reduction in Delivery Time¹

38%

Faster Iteration²

20-55%

Faster Productivity¹

2-3x

Higher Output²

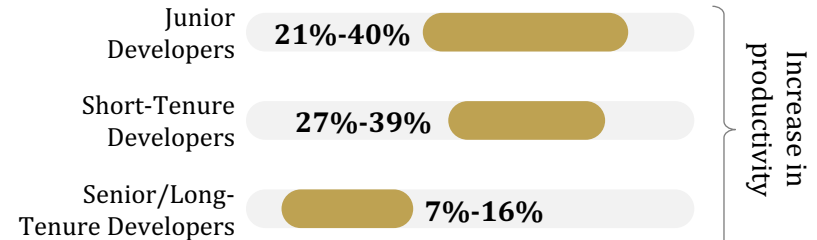
Accelerated Development Cycles

AI-powered tools enable developers to code **55%³** faster, debug efficiently, and automate repetitive tasks



GitHub Copilot users complete coding tasks **~46%³** faster on average

Productivity Improvements by Experience Level*⁴



Impact on the Market

AI coding agents eliminate **repetitive tasks**, allowing developers to focus on problem-solving, architecture, and innovation, while shifting their roles towards **leadership in AI-driven projects, boosting productivity**

AI Revolution for Non-Developers

AI coding agents are democratizing software development, enabling non-technical business professionals to create applications and write code, thus expanding the software creation market



For instance, **30%** of AI agent builders on Lyzzr Agent Studio** come from business backgrounds in Product, Marketing, Sales, Customer Service, and HR, showcasing the platform's ability to empower non-developers⁵

1. Matthopkins
2. Microsoft
3. AOL

4. IT Revolution
5. Lyzzr

*Research by economists from MIT, Princeton, and the University of Pennsylvania, analyzed data in 2024 from 4,800 developers at Microsoft, Accenture, and a Fortune 100 company using GitHub Copilot

** A low-code/no-code platform that includes coding agents as part of its capabilities

Transforming Developer Roles in the Age of AI Coding Agent

As workflows evolve, developer roles are reshaped, requiring continuous upskilling and the creation of new strategic positions to leverage AI-driven productivity

AI Coding Agents Driving Upskilling and New Developer Roles

~80% of developers view AI knowledge as baseline¹

40% of workers in 2025 will need major upskilling by 2030 – especially in IT²

AI coding agents are not eliminating developers — they're transforming them into strategic roles,



Prompt Engineers

Craft and refine prompts (e.g., for Windsurf (Codeium), ChatGPT) to maximize AI code generation



AI Systems Operator/Manager

Deploy, manage, and scale AI systems within existing infrastructure



AI-Enhanced Software Architect

Design systems that integrate AI-generated code into business-aligned systems

How developers can differentiate themselves by mastering key specializations

Prompt Engineering

By mastering the art of crafting precise AI instructions to optimize code generation and enhance contextual understanding

Model Customization

By specializing in fine-tuning AI models on proprietary codebases to achieve superior performance in targeted domain applications

Workflow Integration

By excelling at embedding AI agents into CI/CD pipelines, ensuring seamless tool interoperability and automated workflows

IT Firms Leading The Talent Shift

Large IT firms and global capability centers are rapidly hiring for AI specific roles — such as AI software architects, prompt engineers, and trainers — with demand growing at 300% in recent years and far outpacing supply³

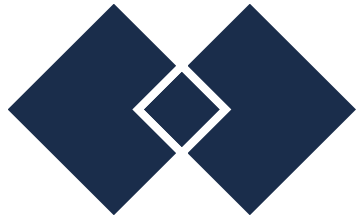


Meta, Microsoft, and Google are leading the charge by hiring prompt engineers expanding their teams of ML engineers, and bringing in product leads to drive AI projects forward^{4,5}



1. Devops.com
2. LinkedIn
3. Economic Times

4. Google
5. Business Insider



Key Trends and Market Moves

Emerging Trends Reshaping AI Coding Agents

As AI coding agents mature, they evolve through LLM integration, multi-agent collaboration, and autonomy, reshaping software development with more productivity and less human intervention

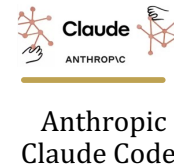
Agentic AI: The Future of Autonomous Coding

Coding agents are evolving into autonomous actors that independently plan, write, test, review, and merge code with minimal human input

Penetration of Agentic AI in Enterprise Software Application¹



Agentic Coding Agents Launched in 2025



Cline
Cline³



Integration of Advanced LLMs into Coding Platforms

Advanced LLMs* (**OpenAI's Codex**, **Anthropic's Claude**) are embedded into coding platforms to autonomously generate, review, and merge code



GitHub Copilot serves
1.5M+ developers,
boosting productivity by
~55%⁵



In May 2025, **OpenAI**
launched **Codex⁶** in
ChatGPT to autonomously
build features, fix bugs, and
create pull requests

Rise of Collaborative Multi-Agent Workflows

1 AI coding platforms
now support multi-
agent workflows for
tasks like testing,
documentation, and
integration

2 Coding agents like
GitHub Copilot and
Windsurf support
this by enabling
**multi-agent
orchestration**



In 2025⁵, **GitHub Copilot Studio** enabled
multi-agent orchestration, combining
skills to tackle complex software tasks

1. Gartner
2. Anthropic
3. Apipie

4. Github
5. Github
6. EducationNext

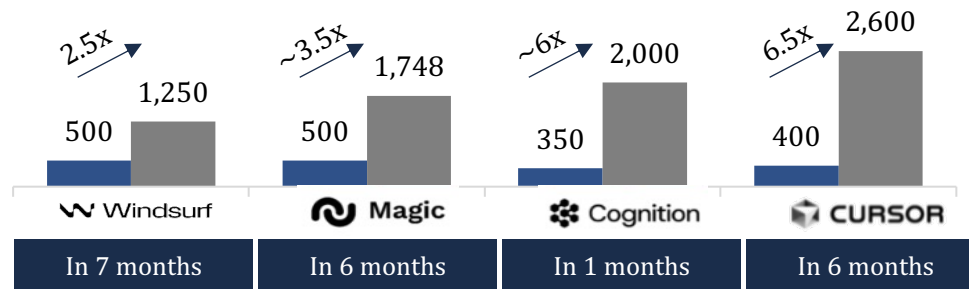
*Advanced LLMs are AI models that understand and generate human language, enabling tasks like text generation, translation, and summarization

AI Coding Tools: Funding and Innovations

The rapid growth and transformation of AI coding tools are fueled by soaring funding and agent features—enabling ultra-fast multi-file processing, autonomous workflows, and multimodal code understanding...

AI Coding Startups Sky-high Valuation Growth in 2024¹

\$M



Valuations for AI coding startups continue to rise in **2025**

Recent Funding Rounds

\$900M 

Cursor reached \$10B² valuation after raising **\$900M** in May 2025

 CURSOR

\$150M+

In early July 2025, Sweden-based startup **Lovable** closed a **\$150M+** funding round led by **Accel** at a ~\$2 B valuation

 lovable

\$900M



In June 5, 2025, **Anysphere** closed a bumper **\$900M** funding round that valued the company at \$9.9 billion, led by Thrive Capital

 Anysphere


Recent Innovations/Updates (2025)

 **launched³**

AlphaEvolve for optimized algorithms and AI training
Jules (powered by Gemini 2.5 Pro), AI agent for automatic code writing, bug fixes, and modify codebases

 **updated Copilot⁴**

Async agent in GitHub/VS Code, Copilot Chat (Grok 3), and agent mode for JetBrains, Eclipse & Xcode

 **released**

Windsurf Wave 3, introducing advanced features like Model Context Protocol (MCP) support, Tab-to-Jump, Turbo Mode, and image drag-and-drop to boost AI dev workflows

 **announced**

Fusion Tab model in the “A New Tab Model” blog, delivering sub-200 ms p50 latencies for inline edits and cursor jumps across multiple files

1. CB Insights
2. Cruchbase
3. Tech Crunch

4. DevOps.com
5. Smythos

AI Coding Agent: Strategic Acquisitions

...This momentum has spurred strategic consolidation across the industry, as firms acquire complementary technologies to broaden and deepen their AI-driven development capabilities

June 2025³: Wix Acquired Base44



Israel based AI no-code platform **Base44** acquired by **Wix** for **\$80M** cash (plus \$25M in retention bonuses)—one of the fastest exits in the space

Why Base44?

Wix bought Base44 to harness its profitable LLM-powered app builder—which hit 250K users to boost its AI no-code platform

Competitive Landscape



Among vibe-coding tools, Base44 stood out with 10K users in three weeks, tight LLM cost control, and true end-to-end app generation

Impact



The deal highlights the exit potential of lean AI startups, accelerates Wix's AI no-code push, and will spur further consolidation in the AI development ecosystem

May 2025⁴: OpenAI Acquisition of Windsurf



Largest acquisition, shifting from an LLM leader to a key player in AI coding tools

Competitive Edge



Windsurf excels in generating code from natural language, making it valuable to OpenAI

Impact



Enhances ChatGPT's coding abilities, strengthening OpenAI's position against competitors and aiming for a \$12B market by 2028⁵

User Experience and Adoption Barriers (1/2)

As AI coding agents advance, they improve development workflows but also introduce legal, ethical, and security risks such as copyright issues, flawed code, and data exposure

Legal/ IP

Reproduction of Copyrighted Code

AI coding agents face legal risks, as they may unintentionally reproduce copyrighted code from public repositories

1%



GitHub Copilot does this ~**1%**¹ of the time—potentially forcing users to comply with restrictive licenses like GPL*

Lack of Clear Accountability

AI-generated code raises ethical concerns, especially in corporate environments without clear policies or oversight frameworks



Microsoft offers legal safeguards through its **Copilot Copyright Commitment**², assuming responsibility for potential claims to reduce enterprise risk

Security & Compliance

Security Flaws

AI assistants frequently suggest code that introduces security flaws

32%



32%³ of GitHub Copilot's code snippets may contain potential security vulnerabilities, depending on the programming language

Risk of Data Leakage

Without proper isolation, AI-generated code can expose confidential information

3X

10X

Repositories with PII[#] and payment data rose **3x**⁴ after adopting AI code assistants, and unauthorized API endpoints rose **10x**, increasing compliance risks

1. Kolide
2. 16x Prompt
3. OPSMX

4. Devops.Digest

*GPL General Public License
#PII Personally Identifiable Information

User Experience and Adoption Barriers (2/2)

Advancements in AI coding agents also raise concerns around code quality, trust, and compliance risks

Technological

Limited Context Handling



AI's finite context window can't fully grasp large, multi-file codebases, leading to incomplete or inconsistent suggestions



AI models like **Codex** and **GPT-4** struggle with large codebases, often producing incomplete or inconsistent suggestions due to context window limits

Developer trust and reliability concerns



Developers remain cautious toward agentic AI due to limited transparency, inconsistent performance, and unresolved concerns around bias and data integrity

Quality of Generated Code and Hallucination Risks



Many developers encounter issues such as syntax errors, hallucinations, and incorrect package calls when using AI coding tools

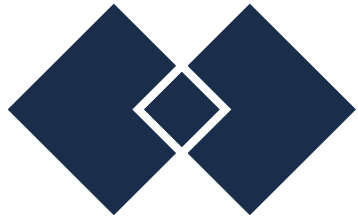
76%

76%² of developers are in the “red zone,” – frequently encounter AI hallucinations and have low confidence in the code it generates



AI coding tools hold great promise, but developers are still grappling with the limitations of context handling and the trustworthiness of generated code. The real challenge lies in reducing hallucinations and improving context awareness, so these tools can truly become reliable partners in the development process. –

Vibor Cipan, Zencoder³



Key Application Areas

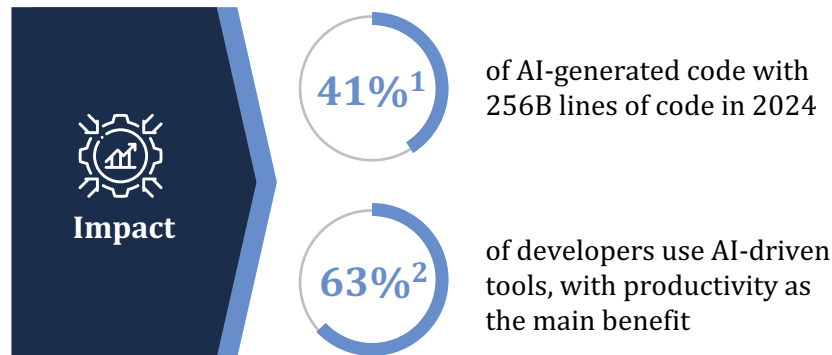
AI Coding Agents: Key Application Areas

AI coding agents drive key applications like code generation and DevOps automation, further accelerating development cycles and enhancing productivity across industries

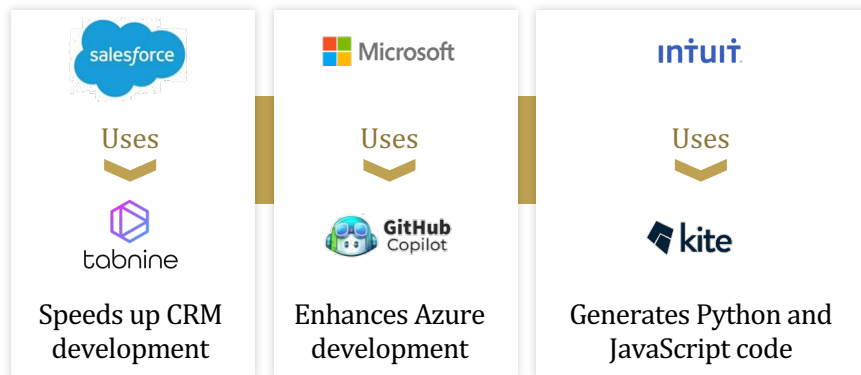
Core Application Areas of AI Coding Agents

AI Code Generation

AI coding agents have evolved to drive faster, more efficient development, with AI code generation as the prime focus



Example of Companies Using Coding Agents to Generate Code



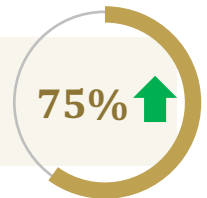
1. ElitBrains
2. MasaiSchool
3. Amplify

4. DevBlogs

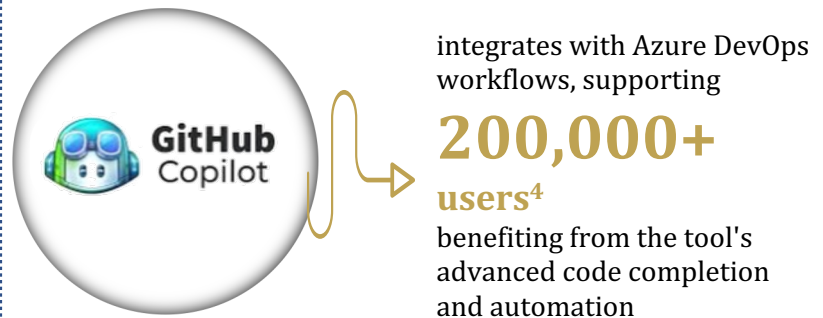
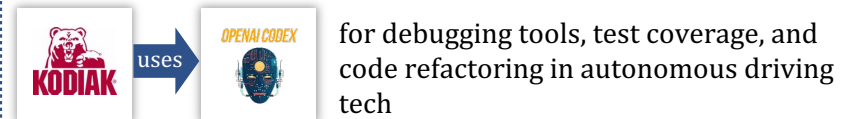
DevOps & Automation

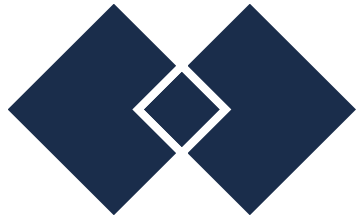
AI agents automate stages of **DevOps pipelines**, including PRs, bug fixes, and integrations

DevOps & Code Completion tools — 75% YoY³ growth by May 2025, more than 3x the growth of general AI tools (22%)



Use Case





Market Forecast

Future of AI Coding Agents

AI coding agent marketplace will become foundational to enterprise software, as AI shifts from a competitive edge to a core requirement for scale and relevance

AI Coding Agent Adoption Among Enterprise Engineers¹



Key Futuristic Trends

Security-First AI Coding Agents:

AI coding tools will integrate **security scanners, enhance model safety, and adopt RBAC*** and real-time monitoring—making secure-by-design the new standard

AI Agent Marketplaces:

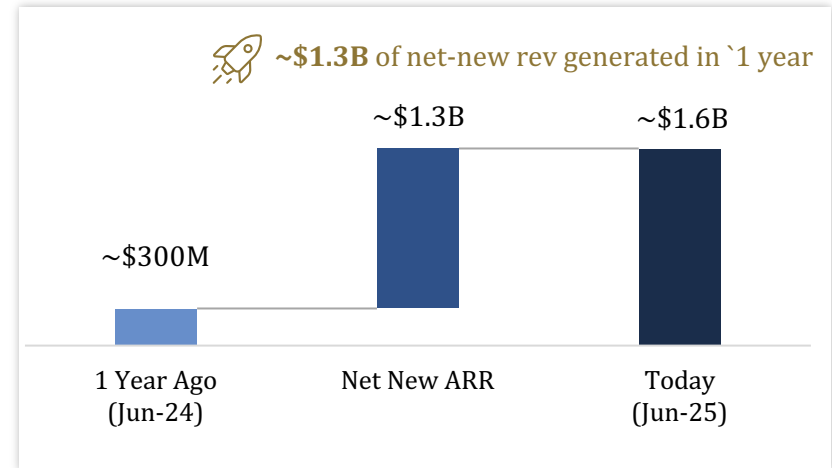
AI agents will be available **on-demand via AI agent marketplaces**, enabling businesses to rent specialized “micro-agents” for tasks

Multimodal and Interoperable:

Using open standards like MCP** and NLWeb, future AI coding agents—like GitHub Copilot’s new preview—enable seamless, autonomous workflows

AI Coding Surge Signals a Transformative Future

By mid-2025, AI coding agents saw ARR jump ~433% YoY²—hypergrowth driven by bottom-up adoption and network effects that far outpaces traditional SaaS



Rapid evolution in AI coding tools will set new standards, making AI-first strategies essential for growth

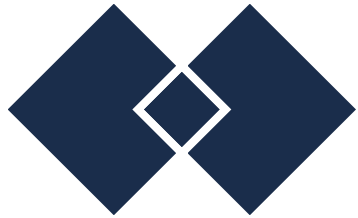
Looking ahead, within 5 years, **95% of all code will be AI-generated**. Very little is going to be line-by-line human-written code.”

– Kevin Scott, CTO, Microsoft³



1. Gartner
2. SaaStr
3. Economic Times

*Role-Based Access Control
**Model Context Protocol (MCP)



Key Emerging Companies

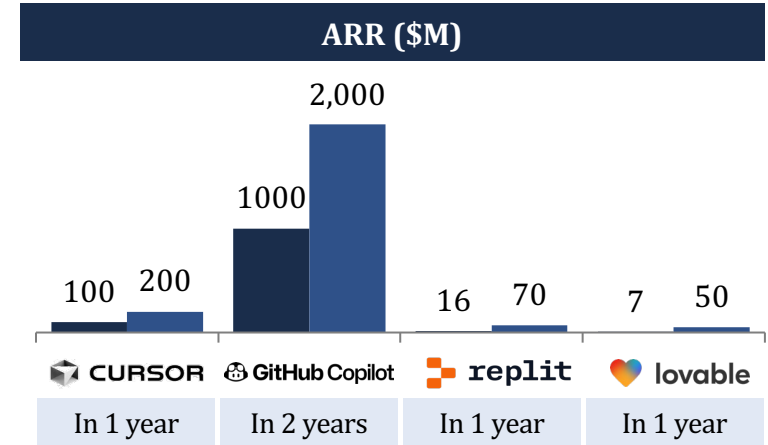
AI Code Agents Tech Competitive Landscape



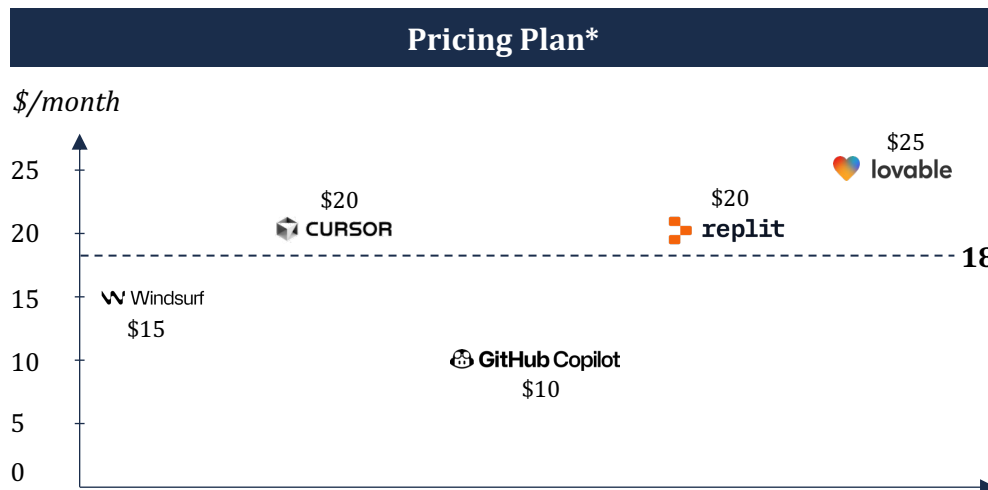
AI Coding Agents: Competitive Landscape

Leading AI coding tools exhibit diverse strengths in feature support, user adoption, pricing, and ARR, illustrating varied approaches to market positioning and value delivery

Features	MCP Support	AI Commit Messages	Multi-language Support	Real-time Collaboration	Context Awareness
Windsurf	✓	✓	✓	✗	✓
CURSOR	✓	✓	✓	✓	✓
GitHub Copilot	✓	✓	✓	✓	✓
poolside	✗	✗	✓	✓	✓
OpenAI	✗	✓	✓	✓	✓
replit	✓	✓	✓	✓	✓
lovable	✓	✓	✗	✓	✗



*OpenAI Codex ARR is unavailable since it launched in 2025

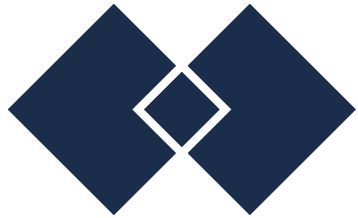


#Ratings from Gartner, G2, etc.

*All companies offer free plans; Poolside AI uses a pay-per-use model and OpenAI Codex, to introduce flexible pricing options soon















The average price line (\$18/mo) represents the mean of the Pro plan rates for these major players

Companies	No. of Users	Rating#
Windsurf	1 million+	★★★★★ 4.5
CURSOR	1 million+	★★★★★ 4.5
GitHub Copilot	15 million	★★★★★ 4.4
OpenAI	NA	★★★★★ 4.8
replit	30 million	★★★★★ 4.3
lovable	~500,000	★★★★★ 4.6

























M&A and Financing Update

Recent M&A Deals

Deal Date	Target	Acquiror	Deal Value	Rationale
18-Jun-2025		WIX	\$80.0M	This acquisition enhances Wix's AI capabilities with intuitive, code-free software creation, expanding it's reach and shift toward, intent-based digital development
16-April-2025	 Windsurf	 OpenAI	\$3.0B	This acquisition strengthens OpenAI's agentic coding capabilities and accelerates its roadmap for autonomous software development within enterprise LLM applications
31-Mar-2025	 StormForge	 CloudBolt	NA	This acquisition enhances CloudBolt's Kubernetes optimization and reinforces its continuous delivery platform for modern enterprise applications
09-Dec-2024	 CodeWP	AUTOMATIC	NA	This acquisition expands Automattic's AI-powered WordPress development tools and strengthens its position in the enterprise plugin automation market
04-Oct-2024	 supermaven	 Anysphere	NA	This acquisition bolsters Anysphere's AI coding agent suite with advanced autocompletion and developer productivity enhancements
26-Feb-2024	 codefresh	 Octopus Deploy	\$28.0M	This acquisition strengthens Octopus's Kubernetes support and commitment to its best-of-breed continuous delivery platform for VMs and cloud-native enterprise applications
04-Apr-2023	 Codiga	 DATADOG	NA	This acquisition adds intelligent code quality and security analysis to Datadog's observability and DevOps platform
28-Apr-2022	 _pullRequest	 hackerone	NA	This acquisition boosts HackerOne's efforts to close the attack resistance gap by moving software testing earlier into development

Recent VC Investments

Deal Date	Target	Investor	Amount Raised	Rationale
12-Jun-2025	 OpenAI	  Reliance	\$40.0B	The funds will be used for Open AI's AI infrastructure and long-term growth strategy
05-Jun-2025	 Anysphere	 THRIVE CAPITAL	\$900.0M	The funds will be used for research and development, focusing on enhancing the company's AI models
04-Jun-2025	 Sema4.ai	  	\$25.0M	The funds will be used to accelerated product development and drive enterprise platform adoption in the Snowflake ecosystem and beyond
27-May-2025	 Bito		\$5.7M	The funds will be used to expand agentic tooling and AI Code Reviews, deepen CI/CD integrations and grow the team across engineering, product and GTM functions
07-May-2025	 CodeAnt AI	  	\$2.0M	The funds will be used to support the growth of the company's engineering and business development teams
18-Mar-2025	 Cognition		\$120.0M	The funds will be used to accelerate product development of its autonomous coding agent Devin and drive enterprise adoption
07-Mar-2025	 Reflection	 	\$105.0M	The funds will be used to advance product development of its AI-powered autonomous coding agents and expand enterprise adoption via the launch of its Coding Agent API
26-Feb-2025	 Continue		\$5.1M	The funds will be used to accelerate product development of its AI coding IDE extensions and scale enterprise platform adoption

About Allied Advisers

```
function(scope, element, attr, ngSwitchController) {  
  scope.$watch(attr.ngSwitch, function() {  
    selectedTranscludes = [];  
    selectedElements = [];  
    previousElements = [];  
    selectedScopes = [];  
  
    scope.$watch(watchExpr, function ngSwitchWatchAction(value) {  
      var i, ii;  
      for (i = 0, ii = previousElements.length; i < ii; ++i) {  
        previousElements[i].remove();  
      }  
      previousElements.length = 0;  
  
      for (i = 0, ii = selectedScopes.length; i < ii; ++i) {  
        var selected = selectedElements[i];  
        selectedScopes[i].$destroy();  
        previousElements[i] = selected;  
        $animate.leave(selected, function() {  
          previousElements.splice(i, 1);  
        });  
      }  
  
      selectedElements.length = 0;  
      selectedScopes.length = 0;  
  
      if ((selectedTranscludes = ngSwitchController.cases['!' + value] || ngSwitchController.defaultCase)) {  
        scope.$eval(attr.change);  
        forEach(selectedTranscludes, function(selectedTransclude) {  
          var selectedScope = scope.$new();  
          selectedScope.$parent = scope;  
          selectedScopes.push(selectedScope);  
          selectedTransclude(scope.$parent, selectedScope);  
        });  
      }  
    });  
  });  
}
```

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