

Anysphere, a Maker of A.I. Coding Software, Raises \$105 Million

The company's Cursor product, which can autocomplete programming code, helped the start-up draw a \$2.5 billion valuation.



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Anysphere, whose Cursor software uses artificial intelligence to help programmers code on the fly, plans to announce on Tuesday that it has raised \$105 million at a big jump in valuation.

The new round, which values the nearly three-year-old start-up at \$2.5 billion, was led by Thrive Capital, which spearheaded huge recent investments in OpenAI and the data company Databricks, and Andreessen Horowitz, the giant venture capital firm that is another existing backer.

The funding is the latest sign of fierce competition among investors to gain exposure to A.I. start-ups. A.I. deals accounted for more than 35 percent of the \$366 billion worth of venture capital deals last year, according to the research firm PitchBook.

Besides Thrive and Andreessen Horowitz the round included another major venture capital firm, Benchmark.

A wave of A.I. investments has pushed up valuations of start-ups, with OpenAI worth more than \$150 billion and Databricks worth \$62 billion. That has generated concern about whether the fervor is inflating a speculative bubble.

In the case of Anysphere, its new valuation is up sixfold from what it fetched in its last fund-raising round — in May. Even so, “we turned down higher offers,” said Michael Truell, the company’s co-founder and chief executive.

The interest stems from Anysphere’s Cursor product. The software, which operates off proprietary models and large language models from OpenAI and Anthropic, helps autocomplete code for programmers.

On Monday, the company unveiled a new version of a feature that can predict a user’s next line of code — with Mr. Truell saying that in some cases it can fill in the next 10 minutes’ worth of programming.

It’s something that many tech moguls have high hopes for: Mark Zuckerberg, the chief executive of Meta, said recently on “The Joe Rogan Experience” that his company will begin automating some code-writing.

Anysphere has also quietly rolled out so-called agentic features for Cursor that can independently complete some tasks for users. “Source code is starting to blend into the background,” Mr. Truell said.

Other companies, including Codeium, Poolside and Sourcegraph, offer competing products, and the Copilot feature of Microsoft’s GitHub also focuses on automating coding. In November, Anysphere bought another competitor, Supermaven.

Miles Grimshaw, a partner at Thrive who helped lead the investment, said in an interview that developers from all of his firm’s portfolio companies use Cursor, up from a handful a year ago.

That, Mr. Grimshaw said, was part of what made him receptive to Mr. Truell’s argument in the fall of 2024 that Anysphere should raise money again, given the company’s growth. Mr. Truell added that he had wanted to show the public how stable Anysphere’s business was, and that the new money was not specifically earmarked for any particular purpose.

“We’ve never seen a company achieve such broad and rapid adoption,” Martin Casado, a partner at Andreessen Horowitz who sits on Anysphere’s board, said in a statement.

For some skeptics, the investor A.I. fervor — especially how quickly it has pushed up funding rounds — has increased the possibility of companies being overvalued, as in previous technology booms.

But Mr. Truell said that Anysphere had sought to keep a lid on costs, including spending on computing resources. He also argued that his company’s valuation was within historical norms. (It’s about 25 times Anysphere’s \$100 million in annual recurring revenue, in line with other A.I. start-ups.)

While acknowledging concerns about valuations, Mr. Grimshaw argued that some of these companies were building transformational products, likening them to Google, Instagram and Amazon.

“I’m sure there will be some companies that didn’t live up to their hopes and dreams,” he said. But the advances and adoption of Cursor suggested that Anysphere didn’t belong in that category. “The opportunity is so big,” Mr. Grimshaw added.

Michael J. de la Merced has covered global business and finance news for The Times since 2006. More about Michael J. de la Merced