

# IR-0048 Cursor

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## ## IDENTITY & OVERVIEW

Anysphere, Inc., doing business as Cursor, is an American software company based in San Francisco that develops an AI coding agent and software development environment. It builds tools and models allowing users to edit code, search codebases, run commands, and complete programming tasks using natural-language instructions.

The company was incorporated in 2022 by **Michael Truell** (CEO), **Sualeh Asif**, **Arvid Lunnemark**, and **Aman Sanger** while they were students at MIT. All four hold computer science degrees from MIT's class of 2022. The company initially focused on mechanical engineering tools but pivoted to programming after identifying a larger opportunity and aligning with team expertise.

Cursor's main product is an AI coding agent and software development environment whose agent features can search across a codebase, edit files, run terminal commands, and carry out multi-step programming tasks from natural-language instructions. It is forked from VS Code for more flexible AI integration.

The core business model is freemium SaaS: three pricing tiers — Free (\$0 with limited AI usage), Pro (\$20/month), and Business (\$40/user/month with centralized billing and admin controls). Revenue is increasingly enterprise-driven. Large corporate buyers now account for approximately 60% of revenue, reflecting a significant shift from earlier reliance on individual developer subscriptions.

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## ## MARKET POSITION

Cursor operates in the AI-native developer tools / AI code editor category. It is a top-tier AI coding editor, but GitHub Copilot still leads broader developer preference. A JetBrains January 2026 survey found 29% of developers used GitHub Copilot at work, while 18% used Cursor and 18% used Claude Code.

Primary competitors include: GitHub Copilot (backed by Microsoft), Anthropic's Claude Code, Windsurf by Codeium, and Devin by Cognition Labs. GitHub Copilot holds roughly 37% of the AI coding tools market, has 4.7 million paid subscribers, and 90% adoption among the Fortune 100. Anthropic's Claude Code has a \$2.5 billion run rate and more than 300,000 business customers, making it Cursor's biggest rival.

Cursor's differentiator is IDE ownership. The founding thesis was that success required owning both the interface and IDE, rather than building a third-party plugin. One of Cursor's most significant strategic moves has been the development of proprietary, product-specific models, with the company revealing that its in-house models "now generate more code than almost any other LLMs in the world." At its Series C in June 2025, Cursor stated that more than half of Fortune 500 companies had developers using it.

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## ## TRACTION & SCALE

Cursor's growth trajectory is, by most measures, unprecedented in B2B software history. The company hit \$100 million in annualized revenue in January 2025, \$500 million by June, \$1 billion by November, and \$2 billion by February 2026.

The company reported over 1 million daily active users as early as 2025. Cursor is used by over 50,000 engineering teams globally, and nearly 70% of the Fortune 1000 is represented in its customer base, including NVIDIA, Uber, Adobe, Salesforce, and PwC.

Notable enterprise adoption highlights: Coinbase reported every engineer had used Cursor by February 2025, and Upwork reported over 25% higher PR volume and more than 100% larger average PR size.

As of the Series D close in November 2025, the company had a team of more than 300. In February 2026, Cursor hired former Rubrik President/CRO Brian McCarthy as President of Global Revenue and Field Operations, signaling a deliberate enterprise sales buildout. Geographically, the company is headquartered in San Francisco with an additional office in New York City.

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## ## FINANCIAL PICTURE

Cursor's fundraising arc is among the fastest on record. In October 2023, the startup announced an \$8 million seed round led by the OpenAI Startup Fund, with angels including former GitHub CEO Nat Friedman and Dropbox co-founder Arash Ferdowsi. The Series A closed in August 2024 at a \$400 million valuation; Series B followed five months later at \$2.6 billion led by Thrive and a16z; Series C arrived in May 2025 at \$9 billion led by Thrive with a16z and Accel; and Series D landed in November 2025 at \$29.3 billion, bringing in Coatue, Nvidia, and Google as new investors alongside \$2.3 billion in capital.

Cursor has raised \$3.2 billion in total disclosed funding across four rounds. The company's April 2026 fundraise — reported at \$50B valuation — was halted when SpaceX intervened. Until hours before SpaceX announced its deal, Cursor was on track to close a \$2 billion round at a \$50 billion valuation; SpaceX said it would either buy the company or pay \$10 billion to Cursor to collaborate on AI development.

As of April 2026, Cursor had reached slight gross-margin profitability, driven by proprietary Composer model usage and cheaper model routing; large-enterprise accounts are gross-margin positive while individual developer accounts remain loss-making.

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## ## PUBLIC SENTIMENT

Developer sentiment is polarized but skews strongly positive on product quality and negative on pricing/reliability. Cursor has become the most-discussed AI code editor on Reddit, with active communities debating whether it changes how developers work; the broad consensus is that its multi-file editing and deep codebase awareness represent a meaningful step up from GitHub Copilot.

Praised features: The Supermaven-powered autocomplete is described as a "killer feature" — multi-line predictions with project-wide context that feel "nearly telepathic." One r/programming user wrote: "Cursor actually understands my codebase. I can ask it to refactor a function and it knows all the places where it's used, the types involved, everything. It's like pair programming with someone who's read every line of code."

Pain points are real and documented. Many customers cite poor UX from unexpected UI changes, pricing models described as a "shameless money grab," and extremely negative customer service experiences. Stability and reliability issues dominate negative feedback, including release-breaking updates that corrupt chat histories and worktrees, persistent file-saving failures, and AI behavior that modifies unrelated files without permission. Actual monthly bills

commonly reach \$40–50 (120% over the advertised \$20 base) due to per-request overages.

Security concerns have also surfaced: CVE-2025-54135 and CVE-2025-54136 documented Remote Code Execution vulnerabilities via malicious repositories.

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## ## MEDIA & PRESS

Cursor has attracted sustained, high-profile press coverage since mid-2024. Key milestones in media coverage include:

- **August 2024**: Series A announcement at \$400M valuation covered by TechCrunch, marking Cursor's mainstream emergence.
- **November 2024**: Cursor acquired Supermaven, an AI code-completion startup founded by Jacob Jackson, for an undisclosed sum.
- **June 2025**: A pricing change to usage-based credits effectively cut the number of requests from ~500 to ~225 per month; many users were unexpectedly charged for overages; CEO Michael Truell issued a public apology.
- **November 2025**: Cursor announced Series D funding of \$2.3 billion at a \$29.3 billion valuation.
- **December 2025**: Cursor agreed to acquire Graphite, a New York-based code-review startup, in a cash-and-equity deal reported well above Graphite's most recent \$290 million valuation.
- **April 2026** (blockbuster): Until hours before SpaceX announced its deal, Cursor was on track to close a \$2 billion funding round; SpaceX preempted it with a conditional \$60 billion acquisition option. Earlier, OpenAI had approached Anysphere about a potential acquisition in early 2025.

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## ## CURRENT STATUS

Cursor's current status is best described as enterprise-scale, product-led growth with ongoing model and editor expansion; the product is still evolving quickly rather than plateauing.

Anysphere reached \$2 billion in ARR by February 2026, making it the fastest B2B company to scale from zero to \$2 billion in approximately three years; it grew from \$100M in January 2025 to \$500M by June, crossed \$1B by November, and hit \$2B by February 2026; the company is forecasting more than \$6 billion in ARR by the end of 2026.

The company faces a pivotal strategic moment: Cursor's \$2 billion raise would have fallen short of the capital needed to reach cash-flow breakeven, likely forcing the company to raise substantial funding later. The SpaceX acquisition — structured to close 30 days after SpaceX's IPO, targeted for June 12, 2026 — carries execution risk; SpaceX's growing debt load, xAI layoffs, and potential IPO complications could delay or derail the closing.

Competitive pressure is intensifying: Cursor faces fierce competition from Anthropic's Claude Code and OpenAI's Codex. The trend remains sharply upward, though the next 90 days are structurally uncertain due to the SpaceX acquisition overhang.

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## ## SUMMARY VERDICT

**Company:** Cursor (Anysphere, Inc.) | **Category:** AI-Native Code Editor / Developer Tools | **Stage:** Late-stage private; acquisition pending

Cursor is the most consequential developer tools startup of the current AI era. Founded in 2022 by four MIT computer science graduates — Michael Truell, Sualeh Asif, Arvid Lunnemark, and Aman Sanger — the company built a VS Code fork with deeply integrated AI, and within roughly three years grew to \$2 billion ARR, a pace that eclipses every prior SaaS benchmark including Slack, Zoom, and Snowflake. Its core insight — own the editor interface, not just the plugin layer — has proven structurally defensible, at least so far.

The financial trajectory is extraordinary: from an \$8M seed in 2023 to a \$29.3B Series D in November 2025, with a \$50B round near-completion before SpaceX preempted it with a conditional \$60B acquisition option. Investors include Andreessen Horowitz, Thrive Capital, Accel, DST, Nvidia, and Google — the full weight of institutional AI capital. The company has reached slight gross-margin profitability, driven by its proprietary Composer model.

However, key risks are material. The pricing overhaul of mid-2025 eroded significant user trust and remains a friction point. Security vulnerabilities (two documented CVEs), mandatory telemetry concerns, and enterprise CISO resistance are slowing institutional adoption. Competitors are closing the gap: Claude Code leads on benchmark scores, GitHub Copilot retains the largest install base, and Windsurf (now owned by Cognition) is a direct substitute.

The SpaceX acquisition overhang is the single largest near-term variable. If completed, it provides compute scale and strategic shelter at a time when Cursor may struggle to reach cash-flow breakeven as a standalone entity. If it falls apart, Cursor re-enters the capital markets under heavier competitive pressure, with a weaker hand than six months ago.

**\*\*One-line assessment:\*\*** Cursor is the fastest-scaling developer tool in history and a genuine category leader, but it is approaching an inflection point — the SpaceX deal, intensifying competition from better-funded AI labs, and user trust erosion from pricing missteps mean the next 12 months will determine whether it becomes the enduring standard or a cautionary tale about growing faster than your moat.