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CASE STUDY · MARLUC SYNOPSIS

Builder.ai

IMPLEMENTED 2019–2025 · TECHNOLOGY AND SOFTWARE · UK · BAND F · PROVED

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A British company that said AI would make building an app as easy as ordering a pizza. It raised more than $450 million, then entered insolvency proceedings in May 2025 after a lender seized most of its cash.

ABOUT THIS SYNOPSIS

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Facts and figures are as reported by the sources listed below, which may be incomplete, self-reported or out of date. Check the original source before relying on any figure.

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NOTICE WORDING LAST UPDATED 16 NOVEMBER 2026

AT A GLANCE

What went wrong: Business or programme failure.

AI-native company: built around AI from the start to bring about transformational change. It has folded, so the case is graded F.

AI used: AI-assisted app building: an AI product, Natasha, using large language models, alongside human engineers.

Implemented: 2019–2025. Grade: band F, Failure, Proved.

Headline result, as reported: Entered insolvency proceedings in May 2025 after raising more than $450 million, per TechCrunch

1 · The case

The facts, as reported by the 5 sources listed at the end. Where a source is silent, the field says "Not reported".

Organisation

Builder.ai (Engineer.ai). British software company, also known as Engineer.ai Corporation, that built apps for business customers. Backed by Microsoft and the Qatar Investment Authority, per Bloomberg. Staff numbers: Not reported; former engineers describe 300 internal engineers and 500 to 1,000 engineers employed through outsourcing companies. Canvas block: 1. Strategy and business model. Also 8. Governance and risk, 6. Data and technology.

Business challenge

The challenge. Builder.ai said it would make building an app "as easy as ordering a pizza", as reported by BusinessCloud. In 2019 its founder, Sachin Duggal, said the majority of the work was done by AI, with engineers around the world adding the missing pieces.

How it was addressed. The company sold app development to customers and presented an AI product called Natasha as central to it. By the account of former engineers who spoke to The Pragmatic Engineer, Natasha was aimed to be an AI tool for the whole software development cycle; a team of 15 engineers worked on its code generation, which used GPT and Claude models, and the AI team was about 30 people at its peak. The same engineers said 500 to 1,000 engineers were employed through outsourcing companies. In 2019 the Wall Street Journal reported that the company used human engineers in India and elsewhere to build apps and had only begun building its AI capabilities in the previous two months. [1] [2] [3] [4] [5]

Who implemented it

In-house (In-house): The company's own product and engineers, with outsourced engineers, by former engineers' account.

Technology (SEAM pillar E)

SEAM types: T3 API integrations, T7 AI agents. Deployment: Not reported. Vendors and products: Natasha, Natasha Codegen.

Where it was built in: In the company's own app-building service. By former engineers' account, an orchestrator lined up the steps that agents took, with GPT and Claude models used for the code generation step; outsourced engineers also worked on customer projects.

What changed

Before: a company valued at $1.5 billion in 2023, selling AI-assisted app building. After: insolvency proceedings confirmed in May 2025 and a US bankruptcy filing. Measured results for customers: Not reported. [1] [2] [3] [4] [5]

Cost of failure

More than $450 million of funding raised, per TechCrunch. Viola Credit, which had provided $50 million in debt, seized $37 million from the company's accounts, leaving it with $5 million, by the chief executive's account to Bloomberg. About 200 former UK staff were ineligible for government redundancy support in July 2025 because no UK administrator had been appointed, per BusinessCloud. Total owed to creditors: Not reported.

What it saved

Not reported [1] [2] [3] [4] [5]

Governance and control

Builder.ai hired auditors to study its financials after lowering its estimated revenue for the second half of 2024 by 25%, per Bloomberg as relayed by TechCrunch. A new chief executive was appointed in February 2025. Checks on what customers and investors were told about the AI: Not reported.

S2 · Accountable owner · Not reported
Not reported for the AI; a new chief executive, Manpreet Ratia, was appointed in February 2025, per TechCrunch. [1]

A1 · Safe use · Not reported
Not reported.

A2 · Human in the loop · Not reported
Human engineers did much of the building, per the Wall Street Journal in 2019 and former engineers in 2025; how their work and the AI's were checked is not reported. [4] [5]

A3 · Monitoring and assurance · Not reported
Auditors were hired to study the company's financials, per Bloomberg as relayed by TechCrunch; assurance over its AI claims is not reported. [1]

A4 · Vendor AI · Not reported
Natasha's code generation used GPT and Claude models, by former engineers' account; terms and controls are not reported. [4]

A5 · Agent controls · Not reported
Not reported.

A6 · Standards and regulation · Not reported
The company entered insolvency proceedings and filed for bankruptcy in the US; no regulator or court finding on its AI claims is reported in these sources. [1] [3]

What worked, what did not, what is unproven

WORKED

– Former engineers told The Pragmatic Engineer that Natasha's code generation was a working system built by a team of 15, with benchmarks run whenever a new model came out.

DID NOT

– The company entered insolvency proceedings in May 2025, saying it had been unable to recover from historic challenges and past decisions.

– It forecast $220 million of revenue for 2024 when raising funds and delivered about $50 million, per BusinessCloud.

– Former employees alleged that sales figures had been inflated by more than 20% on multiple occasions, per Bloomberg as relayed by TechCrunch. This is an allegation; no finding is reported in these sources.

– About 200 former UK staff could not claim government redundancy support in July 2025, per BusinessCloud.

UNPROVEN

– How much of the work on customers' apps was done by AI and how much by people.

– Whether sales figures were overstated, by how much and by whom: reported as allegations only.

– What creditors and investors will recover.

Timeline

Aug 2019 Wall Street Journal reports that Engineer.ai, as it was then called, relies on human engineers in India and elsewhere to build apps [5]

2023 Reaches a $1.5 billion valuation, with backing from Microsoft and Qatar's sovereign wealth fund [3]

2024 Lowers its estimated revenue for the second half of 2024 by 25%, per Bloomberg as relayed by

Feb 2025 Manpreet Ratia appointed chief executive [1]

May 2025 Lender Viola Credit seizes $37 million from the company's accounts; a spokesperson confirms it is entering insolvency proceedings [2]

Jun 2025 The Pragmatic Engineer, after speaking to former engineers, reports that the viral claim of AI faked by 700 engineers was untrue [4]

Jul 2025 About 200 former UK staff cannot claim government redundancy support because no UK administrator has been appointed [3]

2 · Grade and SEAM assessment

MarLuc's opinion, made on the evidence above. How cases are graded: marluc.co.uk/case-studies/how-we-rate

Level of change and impact

Claimed: A. Grade: F, Failure. Proof: Proved. Level of change: Not graded.

No level assessed: band F, an AI-native company that has folded. The grade records the insolvency; the reasons for it are reported as allegations.

Graded F, claimed A. Builder.ai was built around the claim that AI would change how software is made, and it has folded: a spokesperson confirmed insolvency proceedings in May 2025. The grade records that the company failed. Reports that sales figures were overstated are allegations, and accounts of how much work the AI did conflict.

The SEAM view and lessons learnt

The reported problems sat in the claims and the numbers more than in the software. Accounts differ on how much the AI did, and the company's revenue forecasts were far above what it delivered, per press reports. For a larger organisation buying from an AI-native supplier, the transferable point is to ask for evidence of what the AI does, who does the rest, and audited figures, before relying on it.

1. Ask an AI supplier to show which work is done by AI and which by people.
2. Check a supplier's financial health as well as its technology before depending on it.
3. Describe your own AI in terms you can evidence to customers and investors.

Evidence

Score 2 of 4. Press reporting: the insolvency is confirmed by the company's own spokesperson; the financial figures come from Bloomberg and trade press, and the reasons for the collapse are allegations.

Evaluation method. Self-reported company statement and press reporting: the company's confirmation of insolvency, with figures from Bloomberg, TechCrunch and trade press; no court or regulator finding in the sources.

Sources disagree. On the AI: the Wall Street Journal reported in 2019 that human engineers did

3 · Original sources

Read these in full. To challenge a fact or a grade, use the contact form at marluc.co.uk or the link on https://marluc.co.uk/case-studies/builder-ai

[1] TechCrunch: Once worth over $1B, Microsoft-backed Builder.ai is running out of money
https://techcrunch.com/2025/05/20/once-worth-over-1b-microsoft-backed-builder-ai-is-running-out-of-money/

[2] Bloomberg: Microsoft-Backed Builder.ai Set for Bankruptcy After Cash Seized
https://news.bgov.com/financial-accounting/microsoft-backed-builder-ai-to-enter-insolvency-proceedings

[3] BusinessCloud: Builder.ai fallout continues as 200 UK employees remain unpaid
https://businesscloud.co.uk/news/builder-ai-fallout-continues-as-200-uk-employees-remain-unpaid/

[4] The Pragmatic Engineer: Builder.ai did not "fake AI with 700 engineers"
https://blog.pragmaticengineer.com/builder-ai-did-not-fake-ai/

[5] The Next Web: This startup's 'AI' to build your apps is just a bunch of human devs
https://thenextweb.com/news/this-startups-ai-to-build-your-apps-is-just-a-bunch-of-human-devs

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