Rise and sudden fall of tarnished unicorn Builder AI

Administration seems almost certain for UK tech start-up with loss of 1,000 jobs. *Matthew Field* reports

"IT IS not the critic who counts," Sachin Dev Duggal posted on Instagram days after he was pushed out as chief executive of Builder AI. "The credit belongs to the man who is actually in the arena … who if he fails, at least fails while daring greatly."

Just weeks after Duggal posted this famous Teddy Roosevelt quote, Builder AI would indeed fail – and in spectacular fashion. On May 20, the London start-up confirmed it would be appointing administrators with the loss of about 1,000 jobs. The collapse came despite Duggal, a colourful technology entrepreneur dubbed "chief wizard", raising more than $450m (£334m) from investors including Microsoft, Qatar's sovereign wealth fund, and venture capital investors such as Insight Partners.

Builder AI had claimed to use "human-assisted AI", including a bot called "Natasha", to quickly and cost-effectively build apps for customers, including the BBC. Duggal, who has said he started building PCs at home at the age of 14, said the company would make building an app as easy as ordering a pizza. This vision helped Builder AI catapult to a valuation of $1.5bn, making it one of Britain's rare "unicorns" – a private tech company worth more than a billion. – and it was operating in AI, a technology Sir Keir Starmer has promised will "deliver a decade of national renewal".

Now, administration appears all but certain, although advisers have yet to be formally appointed. Manpreet Ratia, who was parachuted in by investors to try to save the business, has told staff he had been left to run the company with "zero dollars", according to the *Financial Times*. In a letter to investors seen by *The Telegraph*, Ratia blamed the collapse on the "unexpected and irreversible action" of the company's senior lenders who "swept over $40m in cash from our accounts, and restricted all access to funds … shutting down our ability to operate".

According to Bloomberg, the lenders pulled funds after promised sales came in far below expectations. Before his exit, Duggal, 42, gave a sales forecast of about $220m for 2024. After an independent audit, the actual figure came in at $50m and Builder AI was also forced to restate sales for 2023. The *Financial Times* reported Builder AI commissioned a law firm to investigate the figures and experts told Ratia they believed there may have been efforts to inflate sales.

Ratia told investors that Builder AI had borrowed $50m last year and owed $88m in cloud fees to businesses such as Amazon. A $75m capital infusion by existing investors in March was not enough. Despite its lofty valuation, the company had grappled with a series of crises for years. One source says: "Where did it go wrong? Everywhere."

Builder AI was founded in 2016 by Duggal, an Imperial College graduate. From the outset, the company attracted attention. Duggal was named an EY World Entrepreneur of the Year in 2024 and made high-profile appearnces at Davos. However, problems started to emerge as early as 2019. Builder AI and Duggal were sued for $5m by former employee Robert Holdheim that year. Holdheim alleged he was dismissed after complaining that the company's technology a "did not work as promoted and was … nothing more than 'smoke and mirrors'". At the heart of the allegation was a claim that Builder AI was far more reliant on humans than it let on.

The lawsuit was later settled but Duggal had been upfront that its AI was "human-assisted". Investors would later say that this combination of automation and human-helpers allowed apps to be built "multitudes cheaper and faster".

Later, the start-up would sue the lawyer who brought the claims, Barry Kaufman, alleging the case was the basis of a damaging newspaper article that had cost the business $1.2bn. The claim was ultimately dismissed and, in a further lawsuit filed this year, Kaufman accused Builder AI of legal strong-arming to "intimidate" critics.

Duggal, meanwhile, is involved in his own legal battles. Court records in India show that he was issued with a "non-bailable warrant" and a demand that he come in for questioning in a case related to the collapse of Indian business Videocon. Lawyers for Duggal said the warrant is "strongly refuted" and insist he is only a witness in the ongoing case.

Another Builder AI co-founder, Saurabh Dhoot, was in 2023 named on a charge sheet brought by Indian prosecutors alleging a "criminal conspiracy" at Videocon. Dhoot has not been involved with Builder AI since 2022 and denies wrongdoing. Lawyers for the Dhoot family were contacted for comment.

Duggal stepped down as chief executive of Builder AI in February after the board became concerned over projected sales for 2024.

Apparent accounting discrepancies under Duggal have recently come under scrutiny. In the days before it filed for administration, prosecutors in New York had asked Builder AI for sales data, *The Telegraph* understands.

A "fake it till you make it" approach has long been an accepted part of the tech world, however, investors and lenders have become less tolerant as interest rates rise amid a series of high-profile failures. Still, Builder AI's dramatic end came as a shock. Investors had just injected "rescue funding" of $75m. *The Telegraph* also understands Duggal agreed a $300,000 personal loan with Builder AI's chief executive, Ratia, to help meet Builder AI payroll costs.

Its failure threatens to cast a shadow over the UK's AI sector at a time when British start-ups are struggling to compete. Data from Dealroom say UK AI start-ups have raised about $3.1bn for the latest wave of "generative" AI tools since 2019. US start-ups have raised $84bn.

Since his exit, Duggal has been on panels in Dubai, where he is now based and sources said he has been working to raise funds to save Builder AI or buy it out of insolvency.

Duggal and his lawyers declined to comment. However, on a social media group for ex-employees, Duggal wrote: "Not a day goes by since I stepped away that I don't miss the Builder energy."

Cryptically, the "chief wizard", added: "I don't think the story is done yet."

Builder.ai in numbers

14
The age at which Sachin Dev Duggal began assembling his own PCs

1.5
billion dollars was the valuation given Builder AI at its height, making it a rare UK tech 'unicorn'

$75m
Money raised from investors in March as a capital infusion. In May, the company appointed administrators

'Not a day goes by when I don't miss the Builder energy … I don't think the story is done yet'

CHARLEY GALLAY/GETTY FOR FASHION TRUST US

Sachin Dev Duggal with his wife, Pooja, at a California fashion night and, below, with the Sunaks at Davos

China spies a new frontier in bid to eclipse the West in drug discovery

Big pharma is turning east as Beijing gains ground in race to dominate biotech, reports *Hannah Boland*

FOR the world's leading cancer doctors and scientists, few events in the calendar are more prestigious than the annual meeting of the American Society of Clinical Oncology (Asco).

Each year, tens of thousands of top researchers gather to unveil pivotal scientific breakthroughs and new therapies that will shape the future of cancer care across the globe.

The event has changed the way scientists view breast cancer, challenged views on colorectal cancer and offered novel ideas on how to help seriously ill patients.

The discovery which everyone was speaking about last year was one made by a little-known biotech firm called Akeso. Its new lung cancer drug had achieved something "unprecedented", its US partner Summit Therapeutics said on the eve of Asco.

The new experimental drug "decisively beat" Merck's blockbuster lung cancer treatment in clinical trials.

The news came as a shock – not just because it challenged Merck's well-known dominance in lung cancer drugs, but because Akeso was Chinese.

For years, Asco's annual meeting has been dominated by US scientists. However, last year was different.

It marked a watershed moment for the pharmaceutical sector, which had long written off China as a nation that excelled in drug manufacturing and "copycat" treatments but not medicine discovery.

Akeso's debut on the world stage has been described as a "DeepSeek" moment for the industry – a reference to the sudden emergence of a highly advanced AI chatbot out of China earlier this year, which took US tech giants by surprise and wiped close to $1trillion (£740bn) off global stock markets. Summit's shares are up more than 600pc since first announcing the lung cancer trial results.

"The two large innovators in our industry today are the US and China," Sir Pascal Soriot, the boss of AstraZeneca, said in March. "China is, I think over the next five to 10 years, going to emerge as really a driving force for innovation in our sector." It sets the stage for a growing tussle between the US and China over the future of drug development. Donald Trump has been clear that he wants pharmaceutical giants to be investing more in America.

However, drug companies are increasingly turning east when it comes to investing in new drugs and clinical trials. Not only is China becoming an easier place to research and create new drugs, but the Trump administration is also shaking faith in the US. Vaccine sceptic health secretary Robert F Kennedy Jr has prompted much anxiety in the industry. By contrast, China is "very business friendly and stable" Novartis boss Vas Narasimhan said in May.

Drug discovery was a key pillar of the "Healthy China 2030" strategy unveiled in 2016, aimed at helping the country cope with its ageing population. The focus has already paid dividends. Over the past three years alone, the number of Chinese drugs in development has doubled to 4,391.

Almost half are either novel drugs or something known as a "fast-follower", where treatments are developed on the back of breakthroughs by rivals.

According to Barclays, the number of so-called "first-in-class" drugs under development in China rose to around 120 last year, having been in the single digits in 2015. First-in-class essentially measures the level of innovation by looking at the highest development stage a drug has reached and the earliest time it reached that stage. The growth in China is unmatched. While the US, which has long been regarded as the world leader in drug discovery, has more first-in-class drugs in development, at 151, the growth rate has been much slower.

"The shift isn't incremental, it's tectonic," says Abhishek Jha, the founder of life sciences data company Elucidata.

One crucial part of Beijing's push to drive more drug discovery has been speeding up clinical trials. In China, regulators allow businesses to get studies up and running quicker, and then update them as they progress.

This can provide early data on new drugs, which is a major draw for multinational companies. It has sparked a boom in studies taking place in China. According to figures from the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), China accounted for around 18pc of clinical trials sponsored by companies in 2023 compared to just 5pc in 2013. Meanwhile, the US proportion has dipped from 28pc to 23pc.

GSK, AstraZeneca and Merck have all struck deals worth more than $1bn to get the rights to develop and sell Chinese drugs outside the country.

The rise of China's pharmaceutical industry has started to raise alarm bells in the US. "Five years ago, US pharmaceutical companies didn't license any new drugs from China," Scott Gottlied, the former food and drug administration commissioner, wrote earlier this month. "By 2024, one third of their new compounds were coming from Chinese biotechnology firms." He warned: "The US biotechnology industry was the world's envy, but if we're not careful, every drug could be made in China."

While Trump exempted most countries' pharmaceutical industries from tariffs in his "liberation day" blitz, China was not spared. That means physically manufacturing drugs for the US in China is out of the question, for now at least. Unless the US rights the ship, many of its treatments may well be designed in China in future.

As pharmaceutical leaders made their way to the annual Asco meeting this week, the shifting power balance will no doubt be on attendees' minds. Industry chiefs may be congregating at a US research conference, but attention is turning to the east.