

- Es gilt das gesprochene Wort -

Good morning everyone and

Tere¹ to our guests from Estonia,

I am absolutely delighted to welcome you to our learning seminar “Estonia meets VKU”. This event perfectly adds up to our VKU learning journey one year ago. Back then, VKU organised several learning events in five different German cities in order to bring together our member companies with start-ups in the field of digitalization, to commonly work on innovative ideas as well as to share experiences.

Today’s seminar is less about start-ups. Rather it is about digital services, smart infrastructure and cybersecurity. It is an **exclusive opportunity to meet experts** from one of the most digitised countries in the world. I am absolutely convinced that we can learn a lot from you.

¹ [tere], estnisches Wort für „Hallo“.

Let me mention two examples to prove this point: Just recently, media in Germany reported about the possibility to launch an own government-backed cryptocurrency in Estonia called “estcoin”. Meanwhile media denied again that this idea might become true. However, the pure fact that such a new currency IS under discussion shows how much progress digitalization has already made and will still make in daily lifes of people and citizens.

Second example: While we still discuss about funding schemes for e-mobility and the rollout of electric vehicle charging stations, Estonia is currently **piloting autonomously driving mini-buses** in Tallinn’s old city centre.² Although these mini-buses are driving at walking pace, this might be the future of public transport in a smart city.

Ladies and gentlemen, the **timing of this seminar could not be better. First**, Estonia currently holds the **presidency of the Council of the European Union.**

² Die Zukunft ist schon da, aber sie ist vor allem in Estland;
<http://www.sueddeutsche.de/digital/sz-serie-smart-city-ein-land-alles-digital-1.3652533>

At the **digital summit in Tallinn** at the end of September, Estonia set the **digital transformation on top of the EU's agenda by inviting Heads of States and Governments for the first ever Digital Summit**. In his preliminary conclusions, the Estonian Prime Minister Jüri Ratas envisaged the EU's digital future which – among other points – is built on the digital single market, digital public services as well as on a high level of cybersecurity³. This **summit showed the increasing importance of digitisation** in the next years. Finally, Estonia takes **credible ownership of this pressing issue at EU level which we do very much welcome**.

Second, as most of you know, **digitisation played a prominent role in the German federal election campaign**. Most parties put an emphasis on digitisation in their party manifesto, promising to embark on the journey into the digital future. We can therefore **expect new digital initiatives next term**.

³ Preliminary conclusions of the Prime Minister of Estonia from the Tallinn Digital Summit; <https://www.eu2017.ee/news/press-releases/preliminary-conclusions-prime-minister-estonia>

Ladies and Gentlemen, let me tell you about **my personal impressions of my last trip to Estonia in May 2017**. I have been interested in the Estonian government's success to be ahead of all other European member states regarding digital public services.

I **took two insights back home** that are closely interrelated: **the difference in mentality and the different technical approach**.

As regards the mentality, leading IT-pioneers explained that the Estonian **e-government system is fully designed around the citizens' needs**.

Digitisation is not an end in itself. It is **all about improving citizens' quality of life**. What do I mean by that?

Let me give you an **example**: Why do parents have to apply for child benefits? Does not the state already know when

babies are born? The Estonian government therefore plans to **approve child benefits automatically**. As soon as a baby is born, the child benefit is granted. Austria has the same system. There is no need for parents to go to the authority to apply for all social benefits separately. **The relevant data is already accessible for the public authority.**

Another example: In Estonia, it takes you only **three minutes to complete your tax declaration**. How is this possible?

Well, most parts of the **tax forms are already prefilled**.

Again, the personal data is already stored by the public authorities and **exchanged among each other**.⁴

Let me give you **one last example**: By 2020, Estonia plans to **digitise its teaching materials at schools**. 85 percent of the Estonian schools participate in the e-school programme, whereby parents are able to **check their children's homework and marks online**.

⁴ Die Zukunft ist schon da, aber sie ist vor allem in Estland,
<http://www.sueddeutsche.de/digital/sz-serie-smart-city-ein-land-alles-digital-1.3652533>

There are actually only **three public services left, citizens cannot do online**: these are getting married, getting divorced and buying a property.⁵

This **citizen-focused and pragmatic mentality** is certainly something **Germany could learn from Estonia**.

These examples lead to my **second point: the Estonian technical approach**.

How are personal data of the citizens exchanged and linked up? I remember very well Mr. Alamäe explaining to us the **X-Road architecture**. This is the Estonian IT-Infrastructure. I think it is fair to call it the **underlying backbone infrastructure of all e-government services**. All realms of the public sector such as the health insurance register and the vehicle register **are linked to each other by this system**. The e-Estonia digital society has been made possible largely by this open, decentralized system. Due to its **decentralised nature**,

⁵ Ebd.

it is almost impossible for criminals to access the citizens' data.

But I don't want to anticipate too much. Mr. Alamäe will tell us more about the "secret of X-Road" later on.

This raises the question of how we tackle the digitisation in Germany. **I would like to share four thoughts with you:**

First, we need a **change in mentality**. I am aware that this is anything but easy. However, we need to have the courage to put **new digital technology into practice**. Pilots of systems, which are not fully developed yet, have to be launched earlier. Then we can improve them accordingly. **We only know whether a system works after its implemented** – or to put it differently: **The proof of the pudding is in the eating.**

Let me be clear: I am **not arguing for technological progress at the expense of cybersecurity**. This holds even more for the public sector. We cannot put personal data and critical infrastructure at risk. **A federal state or local government cannot act like a start-up.**

All I am saying is that we have to find a **balance between digital progress on the one side and cybersecurity on the other side**. It occurs to me that Estonia successfully resolved this trade-off.

Second, we need to adjust the regulatory framework:

Marten Kaevats, who is the adviser to the Estonian Prime Minister for digital matters, said that he **regards Estonia as a laboratory and a pathfinder country for other countries.**⁶ I would like to **apply his idea to cities**. **Why don't we con-**

⁶ Ebd.

ceive cities, especially smart cities, as laboratories for new experiments? To this end, we would need a new regulatory framework and funding schemes that meet the requirements of the digital age.

I am thinking of a **regulatory sandbox which allows us to “play” with different regulatory tools and technological solutions.** In the energy sector, we have similar provisions that permit experimenting with smart grids and flexibility options. **We need to expand this modern regulation to other sectors.**

Third, we definitively need to develop a sense of urgency.

Several rankings clearly show that Germany is lagging behind in the digital transformation. In most rankings, Germany is only ranked average or slightly above average in EU-wide comparison. Furthermore, Germany is only ranked

17th among 35 leading economies based on the digitisation indicator.⁷

This result was revealed in a study published by the Federation of German Industries (BDI) and the National Academy of Science and Engineering (acatech)⁸. The Scandinavian countries, the UK and Israel are at the top.

A second comparison is the EU's Digital Economy and Society Index (DESI) for 2017⁹. Again, Germany, which is **ranked 11th, is a member of the medium performing countries.** The **reason for Germany's average rank is its poor performance in digital public services and e-government.**

⁷The digitization indicator was calculated by Fraunhofer Institute for Systems and Innovation Research ISI and the Centre for European Economic Research (ZEW). The digitization indicator is defined by the following six sub-parameters: digitization of research/technology, economy, society, infrastructure/state, education and business models.

⁸Innovation indicator published by the Federation of German Industries (BDI) and the National Academy of Science and Engineering (acatech). June 2017

⁹Digital Economy and Society Index (DESI) 2017: <https://ec.europa.eu/digital-single-market/en/desi>

Estonia is ranked 9th. One might ask why Estonia is ranked only 9th. But Estonia belongs to the **high performing countries** and is **leading in Digital Public Services**.¹⁰

I know that we also have **one participant from the Danish embassy here. Denmark performed best in the EU's index and was ranked 1st.** Mrs. Skak-Nørskov, I am sure we all would appreciate you sharing the Danish experiences with us later.

Ladies and gentlemen, if Germany wants to remain a high-tech country, the biggest economy in the EU and the fourth biggest economy in the world, then **we have to keep up with the leading countries in the digital transformation.** We definitively cannot afford lagging behind. **That is why we must develop a sense of urgency.**

¹⁰ Other high-performing countries are: Denmark, Finland, Sweden, the Netherlands, Belgium, the UK, Ireland and Luxembourg.

Last but not least, not only the economy and the society must become digital but also the state and the public sector – including local public utilities.

In recent years, we have experienced the government calling on the companies to increase their efforts regarding digitisation. To date, however, the government's progress to digitise its services seems to be quite limited as the aforementioned EU index just showed.

The next government should not only talk the talk of digitisation but must finally walk the walk. For this reason, I am also pleased to have Ms. Lohmann from the Federal Ministry of the Interior and Mr. von Braunmühl from the Bundesdruckerei here in the afternoon. They certainly can tell us more about digital projects such as Open Data or innovative and secure e-ID solutions in Germany.

Ladies and gentlemen, I would like to conclude: **We can learn a lot** from other countries, especially from Estonia, in terms of digitising services, infrastructure and reacting quickly to cyberattacks.

To this end – as I have argued earlier – we should reconsider our mentality and the way how we approach things technically.

Let us take this seminar, including the workshops, as a chance to share experiences, exchange ideas, learn from each other and to ultimately inspire each other.

Thank you very much for your attention and enjoy the seminar.