

Estonia as a model for cutting red tape

10/03/2025 Interview with politician Andres Sutt.

Estonia, one of the smallest countries of Europe, is leading the continent in digitization and digital entrepreneurship. While many larger European countries suffer from bureaucracy and slow, paper-bound government services, Estonia has tackled these challenges years ago. What is Estonia's recipe for success? Karin Fess, Partner at Porsche Consulting, asked someone who should know: Andres Sutt, member of the Estonian Parliament and former Minister of Entrepreneurship and IT provided insights in a short interview.

Mr Sutt, Estonia is considered a role model when it comes to digitalization and reducing bureaucracy. In your opinion, what are the greatest successes?

Estonia's current digital ecosystem was built in public-private partnership in a quarter-century. The creation of it has been a journey that continues. This year, all of Estonia's public services became 100 percent digital. This milestone signifies complete digitalization, resulting in a significant reduction in

bureaucracy. Being digital saves us 2 percent of GDP annually. Our digital transformation has yielded numerous remarkable, internationally recognized solutions, including, for example, Internet-voting, which allows all citizens to vote from their laptops – and soon smart devices – without leaving home. Almost 51 percent of the total votes were cast via the internet in the 2023 Parliament elections. This is enabled by a unique and secure e-ID, which each citizen has by law and uses to authenticate themselves and digitally sign legally binding documents. Moreover, the e-Residency program, which allows people to register businesses in Estonia, saw a record number of registrations in 2024, with an average of 400 new businesses per month. Further examples are digital services designed to minimize state interaction, such as an automated tax-filing system that allows tax residents to file within seconds, digitized and centralized healthcare records, an online business registry, and seamless data exchange between state services.

What are the success factors that have made Estonia a pioneer in this area?

Mindset, ambition, and courage. Estonia becoming a pioneer in government digitalization was also a happy accident. In the 90s, after regaining our independence from the Soviet Union, we had to build a modern state. As our resources were limited, it made us opt for digital solutions. We had nothing to lose, everything to gain. So, we had the right initiative, the right people, and the right timing. The rest is history.v

Which principles can also be transferred to larger European countries such as Germany, Italy or France?

Co-creation with the private sector, trust and transparency. I believe the true goal isn't simply 100 percent digitalization, but rather user-friendliness and the highest level of cyber security for public services. The fundamental question larger governments should address when embarking on their digitalization journey is: How can the state be made easily accessible to its citizens? At a time and place fitting for people, not at the opening times and locations of government offices. People and businesses need to see and feel the tangible benefits of digital services and they will adapt quickly. Estonia's digital society was not built in a day. Picking the right use cases helps to create buy-in and trust.

What are the biggest challenges of digitalization that Estonia is currently working on?

The biggest challenge and the opportunity at the same time is the effective and creative use of Artificial Intelligence as a powerful tool in business, education, healthcare, public services, etc. Simply put, being the best users, innovators, and adopters of AI makes us well placed to be in the lead, in the avant-garde of the AI era and to repeat our success, just as we did in building probably the most advanced digital ecosystem of the internet era. Beyond making the best use of the opportunities that AI brings, in the public services our goal is to maximize user-friendliness, which means optimizing for smartphone use as laptops aren't people's preference anymore. Another ongoing challenge is ensuring the cybersecurity of our systems. This is a constant effort, as malicious actors become increasingly sophisticated. However, cybersecurity is a global challenge. Cyberspace has become a new domain of conflict, making it a priority for everyone. Maintaining systems to modern standards requires continuous investment; a

priority we emphasize in Estonia.

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