

Blog Post

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Modernization Agenda for State and Administration

Claim, reality and structural stumbling blocks

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The Federal Ministry for Digital Transformation and Government Modernization's 2025 Modernization Agenda is conceptually sound, but its implementation threatens to fail due to outdated structures. Federal fragmentation, outdated IT, a lack of competencies, and weak governance are hampering progress. Success depends on modernizing responsibilities, legal frameworks, and governance in such a way that reforms become lastingly effective.

Aspiration and Reality of Administrative Modernization

With the publication of the Modernization Agenda for Government and Administration on October 1, 2025, the Federal Ministry for Digital Transformation and Government Modernization (BMDS) has taken a key step towards public sector reform. The goal is to sustainably increase the efficiency of the administration, digitize processes, and improve cooperation between the federal, state, and local governments.

The agenda undoubtedly marks a milestone, as it brings together, for the first time, cross-departmental measures for comprehensive government modernization. Nevertheless, a look at the experiences with previous digitalization initiatives such as the Online Access Act (OZG) or the Digital Strategy Germany shows that good concepts alone are not enough. The decisive factor is whether they can actually be implemented within the existing structure.

This is precisely where the greatest challenge lies: The modernization agenda addresses many known problems but encounters framework conditions that could significantly impair its effectiveness. The following section will therefore examine the structural stumbling blocks that jeopardize implementation – and the factors needed to overcome them.

Brief overview of the agenda and its fields of action

The modernization agenda comprises over 80 individual measures divided into five key fields of action:

- 1 **Digital administrative services** – Development of user-centric, fully digital services for citizens and businesses.
- 2 **Register and data infrastructure** – Networking of data sets and introduction of standardized interfaces.

- 3 **IT architecture and technologies** – Development of common basic components and use of modern technologies such as AI and cloud computing.
- 4 **Human resources and administrative culture** – Promotion of digital skills, agile working methods, and modern leadership.
- 5 **Management, law, and governance** – Creation of clear responsibilities, legal foundations, and mechanisms for measuring impact.

The agenda combines technological, organizational, and legal reforms into an integrated overall picture. However, it is precisely this complexity that makes its implementation vulnerable to structural barriers, especially where existing responsibilities, capacities, or legal frameworks reach their limits.

Anticipated Implementation Challenges

The modernization agenda is on the right track, but it operates within a system that notoriously hampers reform. Many of the proposed measures can only be effective if fundamental preconditions are met.

The following describes the six key stumbling blocks that threaten the implementation of the agenda, each with typical obstacles and key success factors.

1. Federal distribution of power as a structural constraint

The federal system makes uniform IT standards and centralized control difficult. States and municipalities retain considerable freedom of decision – even with basic digital components. This results in duplicate developments, incompatibilities, and long coordination loops.

Obstacles:

- Lack of mandatory use of nationwide solutions and basic components
- Political self-interests of the states prevent common standards
- The IT Planning Council has no executive powers; decisions are merely advisory
- Different procurement procedures and budget cycles hinder synchronization
- Lack of financial incentives for cooperation

Success factors:

- Legally binding central IT standards and interfaces

- Establishment of a coordinated digital management system with enforcement powers
- Financing models that reward cooperation (e.g., matching funds)
- Clear allocation of responsibilities between the federal and state governments
- Integration of the states into a joint portfolio management system for prioritization

2. Outdated IT structures prevent connectivity

A large portion of administrative IT is based on outdated specialized processes that are barely interoperable, making end-to-end optimization or even redesign difficult. Without technical innovation, digital initiatives remain superficial: visible externally, but inefficient internally.

Obstacles:

- Proprietary specialized procedures with incompatible data structures
- Lack of API standards and metadata models
- Low cloud readiness due to legal uncertainty and legacy infrastructure
- High technical debt and maintenance costs
- Lack of migration strategies and budget commitments to legacy systems

Success factors:

- Development of a nationwide reference architecture with an interoperability framework
- Establishment of mandatory, versioned data interfaces
- Establishment of a modernization fund to replace legacy systems
- Use of open standards (open source, FIT Connect components)
- Establishment of technical competence centers to support system migrations

3. Staff shortages / lack of skills hamper transformation

Digitalization requires IT skills and the courage to embrace change – both of which are comparatively scarce in public administration. The shortage of skilled workers is worsening, while the need for continuing education is increasing. Even where projects get off to a successful start, there is often a lack of capacity to sustain them over the long term.

Obstacles:

- Massive shortage of skilled workers in IT, data, and transformation roles
- Often at a competitive disadvantage compared to the private sector in terms of salary and working conditions
- Lack of experience among managers in change management
- Low attractiveness of modern work culture (agility, remote work)
- Lack of training paths for digital administrative skills

Success factors:

- Establishment of a "Federal Academy" for digital skills with mandatory leadership training
- Systematic role profiles and career paths for digital specialists
- Introduction of talent pooling between the federal, state, and local governments
- Temporary integration of external experts through flexible contract models
- Promotion of agile working methods and a digital leadership culture

4. Lack of Governance and Steering Authority

The agenda relies on monitoring and transparency, but without binding steering, this remains toothless. The BMDS relies on cooperation but lacks the tools to correct missed targets. Steering thus remains voluntary – and responsibility is distributed.

Obstacles:

- Voluntary steering without sanction or escalation mechanisms
- Lack of central decision-making authority with a mandate
- No consistent, comparable monitoring
- Fragmented project portfolios without prioritization

Success factors:

- Establishment of a Digital Council with decision-making and control functions
- Introduction of binding target agreements between the federal government, states, and ministries
- Standardized monitoring with public progress reports

- Governance structure with a clear chain of responsibility (from the ministry to the project management)
- Use of OKR (Objectives and Key Results) logic for cross-departmental steering

5. Legal Rigidity and Lack of Synchronization

Numerous measures in the agenda require adjustments to administrative and data protection law. However, the legislative processes are complex and lengthy. This creates a structural implementation deficit; the legal framework is designed for stability rather than digital dynamism.

Obstacles:

- Written form requirements, attendance requirements, and rigid procedural laws
- Lengthy coordination processes between ministries and states
- Lack of legal expertise in technical developments
- Data protection interpretations without a consistent approach
- Lack of a legal basis for machine-readable laws ("Law as Code")

Success Factors:

- Establishment of real-world laboratories with temporary Legal exceptions for digital processes
- Establishment of an interdisciplinary legal and technology team within the Federal Ministry of Data Protection (BMDS)
- Introduction of a mandatory digital check for all legislative proposals
- Creation of uniform data protection standards at the federal level
- Development of a pilot project for machine-readable standard texts

6. Political Short-Term Focus / Institutional Instability

Administrative modernization requires long-term continuity – yet digital strategies often end with the next legislative period. Without institutional consolidation, progress is regularly reversed.

Obstacles:

- Strategy changes after government formation
- Lack of consolidation of successful programs

- Short-term funding without planning security
- Dependence on individuals and political agendas

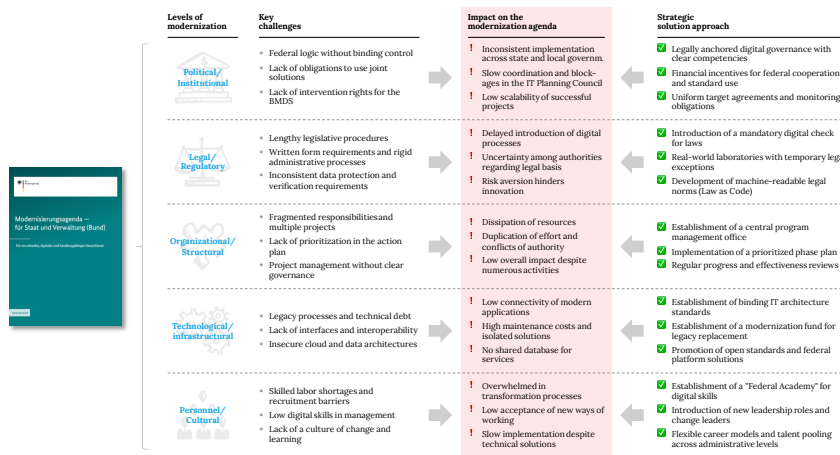
Success Factors:

- Establishment of a legally enshrined multi-year modernization fund
- Consolidation of central digital institutions (e.g., Digital Service, Digital Council)
- Parliamentarily backed progress reports and target agreements
- Establishment of lasting networks between administration, business, and research

It is clear, that the challenges of the modernization agenda are multifaceted. They do not affect a single point of the administrative system, but operate simultaneously at the political, legal, organizational, technological, and cultural levels.

The effectiveness of the modernization agenda depends on how consistently these diverse challenges are addressed. The following overview shows at which levels key obstacles exist and which strategic approaches can be used to successfully overcome them.

The effectiveness of the modernisation agenda depends on whether the key challenges are resolved at all its levels of impact



Source: asquared / As of October 2025
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Figure 1: Overview of the levels, challenges and solutions of the modernization agenda

The overview makes it clear that reform capacity cannot be achieved through isolated measures. A coordinated approach across all levels is crucial. Only when political governance, legal modernization, organizational efficiency, technological infrastructure, and cultural change are intertwined can the modernization agenda unfold its full impact.

Digital transformation only with structural reforms

The modernization agenda is a necessary and correct step. It formulates a clear vision and identifies key measures to make Germany's administration fit for the future. However, it operates within a system that structurally complicates reforms.

Without binding governance, clear responsibilities, competent specialists, and a more flexible legal framework, the agenda will have little impact. What is missing is a reform of the reform environment – that is, the modernization of the mechanisms responsible for planning, financing, and implementation.

The agenda demonstrates that Germany knows what needs to be done. The real test now lies in whether it succeeds in translating this knowledge into lasting action – beyond the inherent logic of federalism and political cycles.

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Dr. Andreas Windisch is Managing Director at asquared. As a certified computer scientist and with a doctorate in engineering, he acted in leading positions in automotive, technology and consulting firms and disposes of many years of experience in the field of IT transformation management - especially in the banking and financial services sector.



About asquared

Asquared is a Berlin-based consulting firm. Our work focuses on developing practical solutions for the regulatory, technologically and/or socially induced change, associated with direct application and confirmation in an industrial environment.

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