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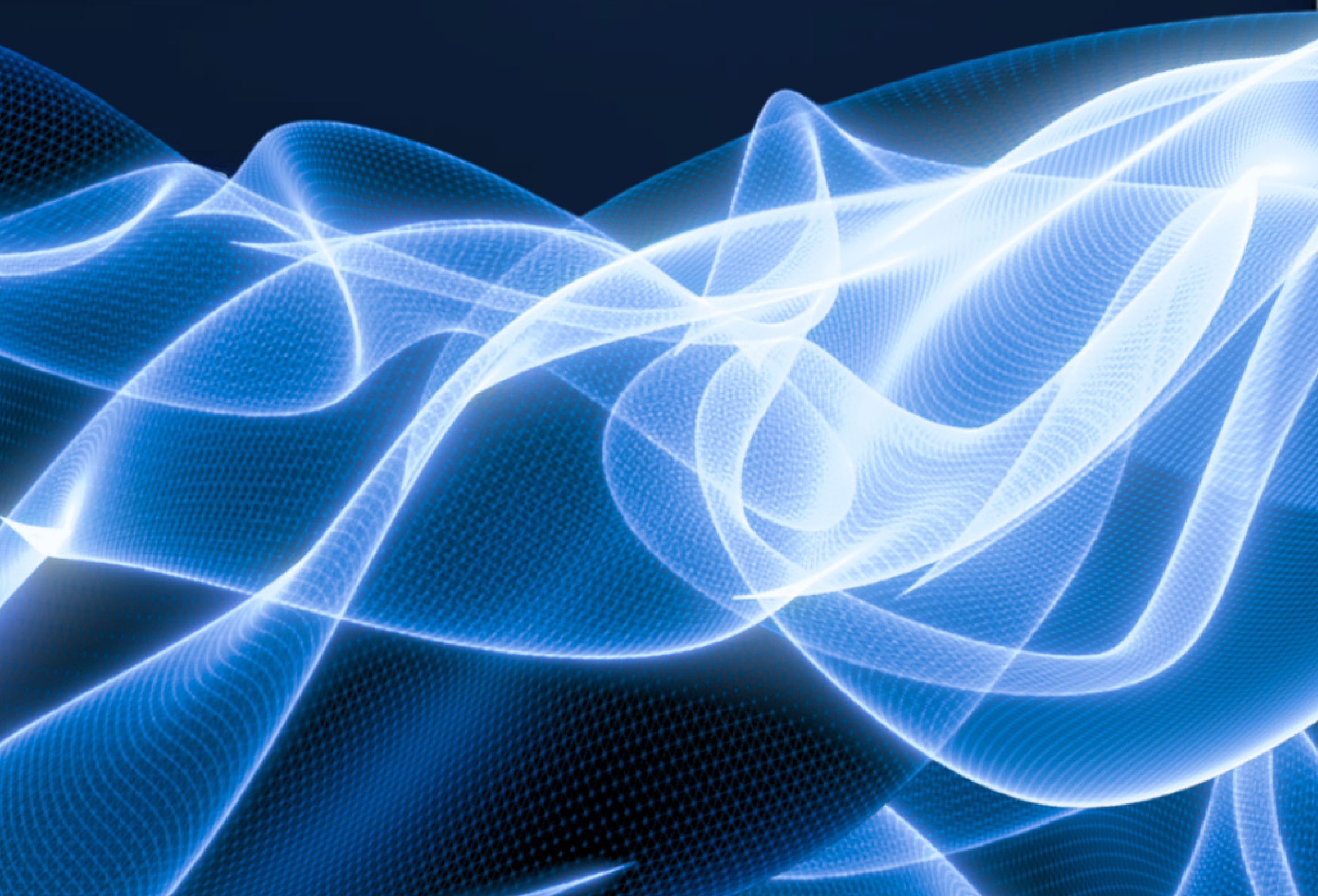
White paper

The Return of Investment of Empathy

Redefining Digital Transformation: Why Human Matters

July 2025



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1. Introduction

Have you ever been in a situation where the digital channels offered by your service provider (e.g. airlines, banks, telecom operators, etc.) cannot resolve your particular issue? Did you try everything, went into endless loops where your situation did not fit in preestablished menus and found no way to get in touch with a human who could understand and address your problem? You are not alone.
This whitepaper presents how customer frustrations contrast with corporate goals of full digital models, with no human intervention. Moreover, the paper addresses how this gap translates into customer dissatisfaction, notoriously impacting customer experience targets that translate into weaker financial results, which contradict the basic digital transformation target of customer satisfaction and financial efficiencies.

The hybrid digital-human model comes up as a foundation for the transformation planning, rather than a fallback from full-digital models. The hybrid models integrate automated digital tools with human support systems, designed to deliver efficiency and empathy. The paper presents the basic structure of hybrid models along with a description of the corresponding metrics enhancement in both customer experience and financial outcomes.

Salience has developed an approach to digital transformation that models all suitable options, taking into consideration the business, customer experience and financial impact, that enables its customers to find the right hybrid model to maximize customer satisfaction and the associated financial gains. Salience also guides its customers through a phased migration of digital-only to hybrid digital-human models when required.

Salience embraces key future trends in digital transformation, and the human role in a tech-driven future, ensuring that its customers maximize the **Return of Investment of Empathy,** connecting the digital transformation goals with customer satisfaction.

2. The hard truth of real customer experience

Most of us would likely identify ourselves, or one of our close relatives or friends, in one of these stories[1]

1

The SIM swap nightmare
User: Fatima, 34, Dubai
Issue: Her phone was stolen while traveling. She tried to request a SIM replacement online.
"The chatbot kept asking me to verify using the number I no longer had access to. There was no option to talk to a real person. I was locked out of my banking apps and work email for two days, just waiting for the system to 'review my case.'"

[1]Fictional but realistic user stories illustrating common frustrations in fully digital customer service models

2

The billing loop

User: James, 45, London

Issue: Overcharged for roaming fees after a business trip.

"I went in circles with the app and web portal, each just redirected me to the other. The chatbot claimed my bill was correct, even though it clearly wasn't. No human callback, no escalation. I eventually paid just to avoid service disconnection."

3

The elderly disconnect

User: Mr. Rajan, 72, Bangalore

Issue: Needed help setting up fiber internet after a technician visit.

"The app told me to scan a QR code and configure my own router. I don't use a smartphone. I called the company but couldn't reach a support agent. I waited 3 days before someone from a store stepped in."

4

The service downtime black hole

User: Maria, 29, Bogotá

Issue: Experienced a broadband outage during a remote work presentation.

"The chatbot only said 'there's a known issue': no timeline, no human. I missed a client call and lost a project bid. It took 48 hours to get an SMS update, but no one ever apologized or explained."

5

The lost identity

User: Ahmed, 38, Cairo

Issue: Locked out of his account after traveling abroad triggered a fraud alert.

"I couldn't authenticate because the system said my IP was suspicious. The app blocked me. No call center, no WhatsApp agent, just an error message. It took a week and a complaint to the regulator before anyone responded."

6

Banking: the frozen account

User: Elena, 41, Madrid

Issue: Her debit card was blocked after a flagged transaction abroad.

"The app said, 'security hold—no action needed.' But my card didn't work, and I couldn't buy groceries. The chatbot wouldn't connect me to anyone. After three days and a Twitter rant, someone finally called me. I lost complete trust in the bank."

7

Healthcare: the delayed diagnosis

User: David, 57, Toronto

Issue: Needed urgent help with side effects after a new prescription.

"The clinic's digital assistant told me to schedule an appointment online: first availability was in 6 days. No nurse line. No override. I ended up in the ER for something that could've been handled over the phone by a real person."

8

E-commerce: the stuck return

User: Priya, 30, Singapore

Issue: Received the wrong item but couldn't process the return.

"I uploaded pictures, filled the forms, but the system said the barcode was invalid. There was no way to speak to someone. I followed the digital process five times. In the end, I kept the wrong product and lost my money."

9

Travel: ghost air ticket accountability
User: Benjamin, 21, Abu Dhabi
Issue: Flight cancelled, and endless support loop let to ticket lost[2]
"I discovered that my flight to Madrid (first segment of my journey to Bogota) was cancelled just when I arrived at the airport. When asking the operating airline for support, they told me to contact the travel website where I bought the ticket. The chatbot of the website told me to contact the ticket issuing airline (the one operating the second segment) and they forwarded me back to the first airline that cancelled the first segment. In short: none of the three entities took accountability to support me, no human assistance to understand my case and take the necessary actions. I lost my ticket and had to purchase a new ticket in another airline."

10

Government services: the stalled tax filing
User: Nadia, 50, Nairobi
Issue: Couldn't submit tax documents due to a portal error.
"I tried uploading the form six times. The system said 'technical issue—try again later.' No contact email. No hotline. Filing deadline passed, and I got a fine. A single human contact could've solved this in minutes."
What all these stories have in common? In simple words, customers frustration when using fully digitized channels that do not cater for their personal issues, with no access to human intervention and resolution. In digital transformation language, these stories highlight gaps in empathy, flexibility, and urgency that digital-only models often fail to address.

3. The digital-only customer experience dilemma

Conventional digital transformation leans towards digital-only models, which target the elimination or significant reduction of human customer service options (e.g. call centers, in-person assistance, or live chat) in favor of fully automated or digital-only interfaces (e.g. apps, websites, chatbots). The promise of this model for customers relies on agile problems resolution and customer empowerment ("do it yourself") and for organizations in costs and operational efficiencies.

However, the fully digital models usually fail to address common customer pain points related to escalation failure, emotional disconnect and system rigidity as illustrated in the user stories above.

These shortcomings translate into a cascade of situations that lead to the erosion of trust and brand value. Common negative consequences of going all digital include:

- Customer frustration: Users with complex or emotional issues often prefer speaking to a real person. A lack of human touch can lead to dissatisfaction.
- Exclusion of non-digital users: Elderly individuals, people with disabilities, or those lacking digital literacy may be left behind.
- Loss of empathy: Digital channels struggle to replicate emotional intelligence, which is critical

[2]Based on a true, real experience

in certain interactions (e.g., healthcare, complaints).
• Escalation bottlenecks: When digital systems fail, customers may not know how to escalate issues without a clear human fallback.
• Brand damage: A brand perceived as cold or inaccessible may lose customer trust and loyalty.

4. Impact of digital-only models for organizations

Many organizations have underestimated the situations described above and considered them "collateral damage" in the journey towards full-digitalization, assuming that full-digital benefits would make the impact of these issues just negligible.
However, real examples show how companies in diverse industries have faced serious consequences when implementing digital-only models. Some examples are presented below

1. British Airways (2022)
- Issue: Removed nearly all human support channels, pushing customers to use the app and website for bookings and complaints.
- Consequences
  - Massive customer frustration during flight disruption
  - Social media flooded with complaints like "no way to talk to a human".
  - BA's Trustpilot score fell below 2/5 at one point.
  - BA was forced to scale back and reinvest in human contact channels
- Drawback: No live agent escalation during crises.

2. Ryanair (Ongoing)
- Issue: Nearly zero human customer support — only a chatbot and self-service portal.
- Consequence:
  - Customers report being "trapped in a loop" with the chatbot.
  - EU regulators have received numerous complaints about refund handling.
  - Continued reputational damage; Ryanair remains one of the lowest-ranked airlines for customer service

3. Facebook/Meta (Advertising support)
- Issue: No direct human contact for small advertisers or account issues.
- Consequences:
  - Many users locked out of accounts with no appeal process via human agent.
  - Small businesses report lost revenue due to ad account bans and no support path.
  - Meta's support reputation was significantly deteriorated in public perception.

4. HMRC (UK Tax Authority, 2023)
- Issue: Replaced phone-based help lines with digital-only tools for months.
- Consequences:
  - Hundreds of thousands of users unable to resolve tax queries.
  - National Audit Office warned of "unacceptable service levels."
  - Government forced to reintroduce human channels.

5. Vodafone Germany & Australia (2020–2022)

• Issue: Shifted to chatbot-only systems during peak pandemic.

• Consequences:

– Surge in complaints to regulators.

– Service delays led to high churn and reputational damage.

– Vodafone Germany's CEO publicly apologized and reinstated call centers.

6. T-Mobile US (2023)

• Issue: Over-reliance on virtual assistants for tier-1 support, with no direct access to humans unless the bot fails.

• Consequences:

– Thousands of complaints on Reddit and support forums about being "stuck in chat loops."

– Common complaint: "I just want to speak to a human!"

– T-Mobile's customer satisfaction ranking dropped in JD Power's 2023 report.

7. BT Group (UK, 2022–2023)

• Issue: Attempted to transition a large portion of support to online-only and shut down local call centers.

• Consequences:

– Customers, especially older and rural populations, felt alienated.

– Public backlash in UK media and customer forums.

– BT was forced to pause digital-only rollout and reaffirmed commitment to hybrid support.

The common patterns identified in these cases include

• Customer frustration rises when digital channels are not complemented by human support.

• Regulatory bodies intervene when vulnerable users or critical issues are mishandled.

• Brands forced to reintroduce hybrid models in search of improved NPS and lower churn.

5. Hybrid digital-human model: foundation, not fallback

A hybrid model (i.e. including both human and digital elements) in the context of digital transformation blends automated digital channels with accessible human support. It ensures that while efficiency and scalability are achieved through digital tools, human interaction remains available when needed.

Even in a full digital transformation, a hybrid model is ideal, offering efficient digital tools alongside accessible human support for those who need it

Simple examples of hybrid digital transformation deployment for different industries are:

• Banking: Chatbot for balance inquiries → human advisor for fraud cases or loan discussions.

• Telecom: App for bill payments → live agent for service outages or cancellations.

• Healthcare: AI symptom checker → nurse or doctor consultation for follow-up.

The main components of a hybrid digital-human model integrate automated digital tools with human support systems, designed to deliver efficiency and empathy.
The main key components of a hybrid model structure are described below and illustrated in Figure 1

1. Tiered support structure

- Tier 1: Digital self-service tools
  – Chatbots & Virtual Assistants: Handle FAQs, billing queries, SIM activations, etc.
  – Knowledge Base / FAQs: Help customers solve issues independently.
  – Mobile App & Customer Portal: Enable actions like payments, plan changes, or service tracking.
  – Fast, 24/7 responses for common or simple queries.
- Tier 2: Human interaction channels
  – Live Chat with Human Agents: Embedded in websites, apps, or WhatsApp.
  – Call Centers / Phone Support / video calls: For complex, emotional, or urgent issues.
  – In-Store Assistance (if available): For identity verification, device support, etc.
  – Escalation path for complex, emotional, or high-stakes cases.

Personalization ensures that AI/digital channels offer customized responses where possible and humans provide empathetic, adaptive service for issues requiring judgment.

2. Intelligent routing and escalation

- If a customer is frustrated or the question is nuanced, the system offers to escalate to a human agent.
- AI-driven decision engines are used to detect intent and sentiment, automating the routing
  – Route simple tasks to bots.
  – Escalate complex issues or frustrated users to humans.
  – Prioritize VIP customers or high-risk situations.

3. Omnichannel availability and seamless integration

- Human and digital touchpoints are synchronized.
- Customer data is shared across channels.
- Integration with WhatsApp, SMS, web, app, and phone support.
- Unified view of interactions for agents: A human agent receives full context (chat history, past purchases, issues), avoiding the need for customers to repeat themselves.
- Seamless transitions between channels: Users can start in one channel and move to another (e.g., start in a chatbot, switch to a call, then receive email follow-up)

4. Unified Customer Data Platform (CDP)

- Central system to store:
  – Customer profile
  – Past interactions
  – Billing & usage data
- Enables personalized service and context-aware handovers.

5. Agent assistance tools

- AI-powered tools that support human agents:
  – Real-time script suggestions
  – Sentiment analysis

– Next-best-action recommendations

6. Analytics & Performance monitoring
- Track KPIs like:
  – CSAT, NPS, FCR
  – Chatbot containment rate
  – Escalation ratio
- Helps optimize the balance between digital and human channels.

7. Feedback & Continuous improvement loop
- Post-interaction surveys, CSAT/NPS tools
- Feedback used to train bots and improve human scripts

Figure 1 illustrates the structure of a hybrid digital-human model

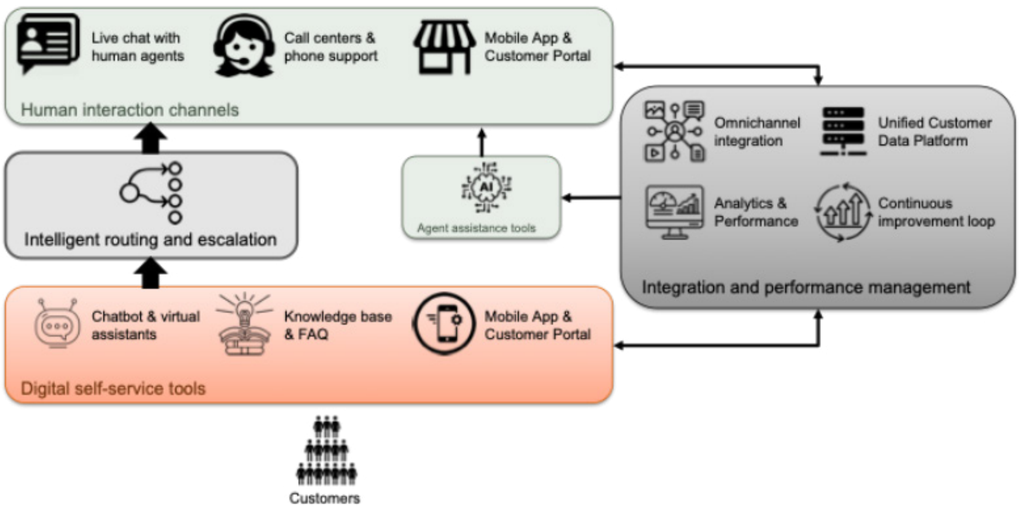

Figure 1: Hybrid digital-human model structure

6. How hybrid customer experience (CX) drives better outcomes

Although, in theory, it becomes clear that hybrid models address the drawbacks exposed by full-digital customer experience models, the main challenge remains on the quantification of the benefits of a hybrid model for the organizations.

This section presents the main KPIs that are improved compared to digital-only or human-only customer experience models, mainly on the grounds of customer satisfaction, supported by real industry results and examples.

KPI	Definition	Hybrid model impact	Examples/ studies	Impact for Telecom operators
Customer Satisfaction Score (CSAT)	A direct customer rating of a service interaction	CSAT scores are often 15–25% higher when customers can escalate from a bot to a human	IBM reported a 30% increase in CSAT after implementing a hybrid model across its support systems[3]	– Typical churn baseline: 15–20% annually – Expected with hybrid: 10–12% – Improvement: −5–8 percentage points – Why: Better service experience reduces frustration-driven switching, especially in competitive telecom markets.
Net Promoter Score (NPS)	Measures how likely a customer is to recommend a service or brand	Brands offering flexible digital + human options report higher NPS, with gains of 10–20 points.	A Forrester study showed banks using hybrid customer service saw NPS increase by 18 points on average	– Typical baseline: +10 to +20 – Expected with hybrid: +30 to +50 – Improvement: +15–25 points – Why: The ability to "talk to a real person" increases trust and loyalty, especially when digital tools fail.
First Contact Resolution (FCR)	Percentage of issues resolved in the first interaction	FCR is significantly improved when bots can seamlessly hand off to humans when needed. Without a human fallback, FCR often drops due to chatbot limitations	Deutsche Telekom adopted a hybrid AI-human support model to improve service in a complex telecom environment. The company saw its First Contact Resolution (FCR) improve from ~50–60% with bots alone to 80–85% using human fallback. AI handled routine queries, while human agents were triggered by sentiment or complexity. This approach enhanced resolution rates, reduced repeat contacts, and allowed agents to focus on high-value interactions[4]	– Typical baseline: 50–70% – Expected with hybrid: 75–85% – Improvement: +15–30% – Why: Human agents can resolve nuanced problems that bots often escalate multiple times
Retention & Churn rates	The retention rate is the percentage of customers a company retains over a given period. The churn rate is the percentage of customers lost (typically to the competition) over a given period	Organizations with hybrid service models report 10–20% higher retention rates, particularly in high-emotion industries like insurance, telecom, and healthcare	Verizon (USA). To manage 170 million annual calls and reduce churn, Verizon implemented Generative AI to predict call reasons and route customers to the most suitable agents—resulting in 80% prediction accuracy, a seven-minute reduction in store visit times, and an effort to retain 100,000 customers[5]	– Typical churn baseline: 15–20% annually – Expected with hybrid: 10–12% – Improvement: −5–8 percentage points – Why: Better service experience reduces frustration-driven switching, especially in competitive telecom markets.
Escalation rate	The rate at which issues are moved to a higher level	While escalations may increase initially, the speed and satisfaction of resolution improve, reducing repeat contacts	Bank of America – Financial Services initially implemented a fully digital virtual assistant ("Erica"). After experiencing high escalations for mortgage, fraud, and account lock issues, Erica was integrated with live agent handoff at specific triggers. As a result, escalation rate fell by 18% in areas like card disputes and account security.	– Typical baseline (digital-only): ~40% – Expected with hybrid: ~20–25% – Improvement: −15–20% – Why: Bots route cases more intelligently, and humans resolve them faster, reducing the need for second-level escalation
Customer Effort Score (CES)	Measures how easy it was for customers to resolve their issue	Lower CES (better outcome) when customers can choose their channel	Bank of America – Financial Services initially implemented a fully digital virtual assistant ("Erica"). After experiencing high escalations for mortgage, fraud, and account lock issues, Erica was integrated with live agent handoff at specific triggers. As a result, escalation rate fell by 18% in areas like card disputes and account security.	– Typical baseline – 65–85% (high effort perception) – Expected with hybrid: 50-55% – Improvement: -15–30% reduction – Why? Seamless escalation=less repetition, faster escalation of complex issues and reduction of reexplanations by omni-channels.

Table 1 - Customer service KPIs

3 https://www.ibm.com/consulting/customer-service

4 https://www.mckinsey.com/capabilities/operations/our-insights/the-contact-center-crossroads-finding-the-right-mix-of-humans-and-ai

5 https://www.reuters.com/technology/artificial-intelligence/verizon-uses-genai-improve-customer-loyalty-2024-06-18/

Other KPIs with relevant impact for telecom operators include:

- Average Handling Time (AHT)
  - Expected change: −10–20%
  - Why: Bots handle repetitive queries fast; humans focus on escalations only. The combination improves efficiency without sacrificing quality.

- Agent Productivity
  - Expected improvement: +20–30%
  - Why: Agents are no longer bogged down by routine queries and can specialize in solving high-impact problems.

An example of KPIs improvement comes from Vodafone UK (post-2022 service revamp):

- CSAT improved by 20%
- FCR rose from 68% to 82%
- NPS increased by +18 points
- Customer complaints dropped by 25%

7. Hybrid digital-human models bring along financial gains

The final link between hybrid digital-human models and financial benefits are obtained by translating the customer experience performance improvements into financial gains, as shown in the elements below.

1. Reduced customer churn translates into increased revenue retention

- Financial KPI: Customer Lifetime Value (CLV) and Revenue Retention Rate
- Impact: A 5% decrease in churn can lead to a more than 25% increase in profits (Harvard Business Review). In telecom, reducing churn by just 1% can mean millions in annual revenue retained per market.
- Hybrid impact: Improved satisfaction and FCR reduce churn and boost customer loyalty.

2. Lower cost to serve

- Financial KPI: Customer Service Operating Cost
- Impact: Digital channels cost 10–50x less per interaction than human agents. However, hybrid models prevent excessive escalations, which are costlier in digital-only setups.
- Telcos using hybrid models report up to 30% lower total support costs.

3. Higher Net Promoter Score (NPS) correlates with organic customer acquisition

- Financial KPI: Revenue Growth from Referrals
- Impact: High NPS correlates strongly with organic customer acquisition (growth through word-of-mouth) and lower CAC (Customer Acquisition Cost). A 10-point increase in NPS can drive up to 3–5% revenue growth per year.
- Hybrid impact: Human empathy in critical interactions increases promoter base.

4. Improved First Contact Resolution (FCR) lowers repeat contact costs

- Financial KPI: Cost per Resolution
- Impact: Reducing repeat contacts by 20% can cut total contact center costs by 10–15%.
- Fewer escalations free up human agents to handle revenue-generating calls (e.g., upsells).

5. Enhanced Upsell/Cross-Sell opportunities

- Financial KPI: Average Revenue Per User (ARPU)
- Impact: Human agents, with contextual customer data, are 2–3x more effective at upselling than bots.
- Hybrid models lead to ARPU increases of 5–10% in high-touch segments.

6. Reduced complaint handling costs & regulatory fines

- Financial KPI: Compliance Cost / Customer Compensation
- Impact: In markets like the EU and Australia, poor service can trigger compensation payouts or penalties.
- Hybrid support reduces unresolved complaints and improves compliance.

8. Salience: the right partner for Digital Transformation

Salience has developed an approach to digital transformation that models all suitable options, taking into consideration the business, customer experience and financial impact. Salience provides professional advice to its customers, based on its wide and strong experience in digital transformation, ensuring that industry and technology best practices are always considered. When having Salience as their digital transformation partner, customers rest assured that their own journey is built on industry experiences, capitalizing on past learning, avoiding drawbacks and mistakes than other companies were not able to avoid. When running the digital transformation programs throughout the full cycle from strategy definition, business plans, technology designs, organizational evolution and implementation, Salience guides its customers to find the right hybrid model to maximize customer satisfaction with the associated financial gains. When required, Salience also guides its customers through a phased migration of digital-only to hybrid digital-human models, considering critical activities such as training, governance, change management and effective communication to customers and employees.

Salience embraces key future trends in digital transformation, such as predictive CX and proactive service, ethical automation and AI governance and the human role in a tech-driven future.

About Salience

Salience is 100% digital and ICT sector focused. Salience is a purely ICT and digital management consultancy with strong expertise in supporting clients through the provision of advisory services and technical assistance to support countries in developing and adopting reform programs aimed at strengthening their digital economies. Salience is uniquely positioned in supporting digital and ICT public and private sector clients such as development banks, governments of low and middle-income countries, and telecom operators in achieving their digital transformation objectives.

About the author:

Hernan Munoz is a highly accomplished telecommunications executive with over 30 years of international experience leading complex technology transformations, corporate strategies, and digital evolution initiatives. Hernan has successfully driven large-scale network deployments, managed services transformations, and cutting-edge technology programs, including 5G rollouts, OSS/BSS automation, and network virtualization across the Middle East, Africa, and Asia. Hernan's expertise spans over strategic and operational planning, ICT infrastructure modernization, and customer experience enhancement. He is recognized for his leadership in greenfield projects, network expansions, and operational excellence, consistently delivering measurable business value. Passionate about innovation and team development, Hernan combines deep technical knowledge with a results-driven approach, making him a trusted advisor for telecom operators and regulatory authorities seeking sustainable growth and digital transformation.

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Offices Wordwide
United Arab Emirates I Saudi Arabia I Bahrain I North Macedonia I Kenya

Salience Consulting DMCC
Tel: +971 4 438 7041
www.salience.consulting