



Payments and tax compliance, simplified

Who is Edutech Lab

Edutech Lab is a subsidiary of EduLab, Inc., headquartered in Tokyo, Japan. Edutech Lab opened in Bellevue, WA in 2015, with the primary objective being to develop standardized English language proficiency assessments and learning content for the Japanese market. Edutech Lab is a team of globally-minded TESOL professionals specializing in English language test development, scoring, and other educational content and services. Their expertise lies in creating content and assessments to target multiple language skills and levels including academic, business, and general English proficiency. Edutech Lab also manages large-scale test scoring operations from scorer recruitment, training and certification, to ongoing calibration and materials development. Their team of employees and independent contractors scores 500,000+ English language tests annually.

The challenges

Edutech Lab was faced with dramatic growth and needed to triple its independent contractor base after it had already doubled from 2018 to 2019. This was going to be a difficult task to achieve, as they were primarily working with contractors through very manual processes. One example of this was for each new contractor they brought onboard, an email would be sent with a link to a Form W-4 and a Direct Deposit agreement. Once the signed documents were returned, the forms would be forwarded to the company's accountant who would then manually enter the information into the accounting software. Another challenge was if a payment issue arose as a result of an incorrect routing and/or checking account number supplied by the contractor, it would require extensive back and forth to find out where the error occurred and get it corrected.

When it came to year-end tax compliance, they relied on the accountant who would send over a complete file of all Form 1099s for each contractor. Edutech Lab would then sort through each Form 1099 to determine who earned over the \$600 threshold and who did not so that the proper documents could be mailed to the contractors and filed with the applicable taxing authorities. After hours of sorting and matching, Edutech Lab would manually stuff each envelope, stamp, and mail. This process did not give a professional appearance, and contractors would sometimes question the legitimacy of the organization when they were first onboarding.



About the client



Company:
Edutech Lab



Website:
edutech-lab.com

Confusion and complexity in the payments process

Edutech Lab pays their contractors at a per-piece rate, meaning each contractor could have thousands of invoice items and payments for Edutech to process monthly. Edutech Lab frequently ran into issues with payments not being processed due to receiving incorrect account information from the contractor or contractors questioning the accuracy of their compensation calculations. This placed a significant burden on Edutech Lab's administrative staff, who had to collect, organize, synthesize, and process each one of these requests.

Manual processes increased compliance risks

When it came to compliance processes, they were not only manual but left the company open to potential risks and errors: Accounting manually prepared each Form 1099. Edutech Lab would have to ask each contractor for consent to send the tax forms electronically — and if denied, they would then have to print and manually mail each Form 1099 by the required IRS deadline of January 31. While the manual processes they had in place met basic compliance requirements, Edutech Lab felt that it was too risky and inefficient to keep these processes as they continued to scale.

Lacking technical capabilities stymied growth

Thanks to its success in the United States, Edutech Lab also wanted to expand its contractor base to countries outside the United States, but it could only pay to verified U.S. bank accounts. This technical challenge limited Edutech Lab and prevented it from tapping into this wider contractor base for additional expansion.



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We always had to manually furnish and file tax forms for each worker. We are not tax experts, so having all of that done confidently by WorkMarket, and just knowing that we are in compliance with standards we need to uphold, is a big relief.”

Gina Caruso
Branch Manager, Test Development Specialist

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Prior to using WorkMarket, it wasn't uncommon to have some sort of inquiry or complaint about payment. Since using WorkMarket, we have had virtually no payment-related complaints.”

Gina Caruso
Branch Manager, Test Development Specialist



The solutions

Edutech Lab knew that the rapid growth they were experiencing was not sustainable with their current manual processes. Upon the recommendation of an employee, Edutech Lab leadership reached out to learn about how WorkMarket's all-in-one independent contractor management system could help them streamline their processes.

Streamlined onboarding and worker verification

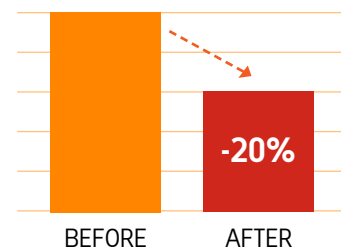
With transitioning to WorkMarket, Edutech Lab was able to move from a fractured, manual, error-prone process to an automated system that reduces administrative burden while improving contractor visibility, confidence, and satisfaction. During onboarding, workers' U.S. bank accounts and tax IDs are collected and then those tax IDs are verified with the IRS. Bank accounts, PayPal, Hyperwallet and Wisely® accounts also go through verification checks to help ensure authenticity, and workers cannot receive payment until both the tax ID and a payment method are officially verified. For Edutech Lab, with these automated checks in place, it was easy to sit back and receive alerts and notifications on each worker's status to track where they were in the onboarding process. Plus, with alerts for success and failure at each step, WorkMarket was able to take the guesswork out of the process for not only Edutech Lab, but for their contractors as well. Overall, the WorkMarket platform not only provided an automated onboarding tool for Edutech Lab, but it gave workers confidence that their sensitive information was being handled with care.

Bulk payments and international advantages

Once workers were verified and fully onboarded with Edutech Lab, there was also a critical need for supporting the payments processing that they were currently managing manually. Edutech Lab was managing thousands of payments each month, and with that came manual errors and incorrect payments. One of the key advantages WorkMarket provided to help solve this was the ability to bulk upload payment files for batch sends. By utilizing WorkMarket's API capabilities, Edutech Lab was able to generate a payment file, with all their required fields for payment, and upload that file for processing. The payments were then batched, and sent to the appropriate contractors without any additional work required by Edutech Lab. These batched payments files not only reduced the manual errors Edutech Lab was experiencing, but also significantly reduced the time required to process all these payments, freeing up time for team members to focus on other, more strategic, tasks.

Additionally, WorkMarket enabled Edutech Lab to continue growing and allowed them to provide workers with a wider variety of payment options. This allowed Edutech Lab to tap into a wider pool of contractors to address their growing global client base. With these additional payment options, Edutech Lab was no longer limited to solely working with contractors in the United States. They could expand their reach worldwide with the ability to pay contractors via verified alternative means, such as PayPal or Hyperwallet, permitting payment across borders.

Roughly a **20% reduction in admin workload** since the launch of WorkMarket for Edutech Lab.



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WorkMarket provides a much more professional, legitimate appearance of the whole onboarding process on the financial side. Contractors seem more comfortable providing their sensitive tax and bank information through WorkMarket rather than through links being sent to them electronically.”

Gina Caruso
Branch Manager, Test
Development Specialist



“The option of offering multiple different payment types has given us a big advantage in finding talent across the globe and not needing to worry about how we would be able to verify and pay these contractors.”

—Gina Caruso, Branch Manager, Test Development Specialist

Helping with tax and compliance

With all of their rapid growth, Edutech Lab was in need of the ability to maintain compliance at scale. This meant removing the manual processes that were not only taking a significant amount of staff time, but also were being managed by people who were not tax or compliance experts. WorkMarket's platform enabled Edutech Lab to automatically track each contractor's payments and electronically prepare the proper tax forms based on the contractor's location. There was no longer a need to manually furnish and file the 1099-NEC tax forms for each contractor.

Additionally, the move to an electronic process for Edutech Lab was crucial in maintaining their rapid growth. Instead of having to sit down, print out all relevant 1099-NEC files, and stuff envelopes to mail, WorkMarket took care of the heavy lifting for them. Workers who are required to receive a 1099-NEC form automatically receive the 1099 electronically or via mail, depending on the worker's preference selected. With the platform, workers also have 24/7 access to download these tax forms from their WorkMarket profile again if needed. In addition, WorkMarket files the 1099-NEC forms with the IRS and other applicable state agencies.



Key benefits realized when switching to WorkMarket

Since switching to WorkMarket, Edutech Lab realized several benefits that have enabled them to continue to grow and scale their operation, including:

- **Onboarding:** More professional appearance of onboarding processes, making contractors more comfortable providing sensitive information
- **Reporting:** Contractors can now get detailed reports showing itemized monthly payouts
- **Accurate processes:** Fewer payment complaints and inquiries due to automated worker tax IDs and bank account verifications
- **International payments:** Expanded payment options (PayPal, Hyperwallet) allowing payments to international contractors
- **Compliance and scalability:** Automated bank account verification helps prevent payment errors
- **Tax documents:** Automated furnishing and filing of IRS Forms 1099-NEC, reducing manual work and risk
- **Positive contractor experience:** Surveys show contractors commenting positively about payment processing

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Since switching to WorkMarket, I do not have to worry about sending tax documents out. I am not a tax expert, accountant, or anything like that. It's not my field at all. So, it's allowed me and others more time to focus on things that impact our bottom line, instead of worrying about these manual processes that are outside of our area of expertise. That's just too risky to have non-experts handle.”

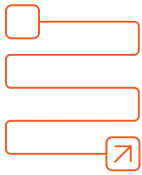
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Branch Manager, Test
Development Specialist



“The willingness of WorkMarket to listen to our needs and figure out how the system could be adapted to meet those needs was a big reason why we went with Workmarket. Plus, having a dedicated account manager and customer support for our freelancers really gave us peace of mind.”

—Gina Caruso, Branch Manager, Test Development Specialist





Why WorkMarket

WorkMarket by ADP is an end-to-end platform that helps you realize the full potential of independent contracting today — so your business can take on tomorrow.

A single platform for managing your independent contractors

We help you attract, recruit, onboard, manage and pay your independent contractors easily, efficiently and compliantly.



Onboarding & verify



Manage work assignments



Pay



Organize talent



Compliance support



Integration & automation

Our automated tools and workflows will help you:

- ✓ Attract and retain top-tier talent
- ✓ Engage contractors quickly to meet customer demand
- ✓ Scale your business fast
- ✓ Improve compliance and mitigate risk
- ✓ Gain real-time visibility into your contractor workforce
- ✓ Reduce costs — automated processes save time and money



Interested in learning more about WorkMarket?

Explore our self-guided demo to see how you can efficiently and compliantly onboard, verify, manage work assignments, and pay your contractors.

[Access interactive demo](#)



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