

Sole Source Written Determination

MMO Form 102

Agency Identification: South Carolina Department of Education (SCDE) — Agency H63

Description of the Agency Need That This Procurement Fulfills:

The South Carolina Department of Education (SCDE) requires continued access to cloud computing infrastructure, data storage, collaboration tools, and artificial intelligence productivity capabilities to support its enterprise-wide technology operations. SCDE serves more than 800,000 students and thousands of educators and administrative staff across South Carolina's 82 school districts. The agency relies on a secure, scalable, and highly available cloud platform to host critical applications, manage sensitive student and personnel data, facilitate statewide communication and collaboration, and enable AI-assisted productivity. Without uninterrupted access to these services, SCDE's ability to deliver core educational support functions—including data reporting, federal compliance, curriculum support, and internal operations—would be significantly disrupted.

SCDE intends a five-year agreement (one base year with four one-year renewal options), estimated total expense \$5,000,000.00.

Describe the Market Based on Research Performed:

The enterprise cloud services market is dominated by a small number of hyperscale providers, most notably Microsoft Azure, Amazon Web Services (AWS), and Google Cloud Platform (GCP). Each platform offers differentiated architectures, security models, licensing structures, and integration ecosystems. SCDE conducted market research to assess whether alternative cloud providers or resellers could satisfy its current operational requirements without disruption, cost escalation, or data migration risk.

SCDE's research revealed the following:

- Microsoft Azure is deeply embedded in SCDE's existing IT environment, which includes Microsoft 365 (including Teams, SharePoint, Exchange Online, and OneDrive), Active Directory/Entra ID for identity management, and numerous agency-developed and third-party applications built on Azure-native services. These integrations create a tightly coupled technology ecosystem that cannot be replicated on an alternative cloud platform without substantial reengineering, re-licensing, and re-testing of dependent systems.
- Microsoft Copilot for Microsoft 365 is natively integrated into the Microsoft 365 productivity suite that SCDE has used for several years. Copilot's AI-assisted features—including document drafting, email summarization, meeting transcription, and data analysis within Excel—are available only within the Microsoft 365 environment and cannot be substituted by a third-party AI tool without losing functionality, single sign-on integration, and the data governance controls already established within the Microsoft tenant.

- **Educational Licensing** — SCDE holds educational (EDU) licensing for Microsoft products, including A5 licensing for Office 365 and educational pricing for SQL Server. These licensing entitlements are specific to SCDE's status as a K-12 education agency and may not transfer or apply within Admin's shared tenant structure.
- **FERPA and Data Sovereignty** — SCDE manages student personally identifiable information (PII) subject to the Family Educational Rights and Privacy Act (FERPA) and the Children's Online Privacy Protection Act (COPPA). Federal law requires that SCDE maintain direct, final-say control over all data storage, access, and processing of student records. A shared Azure environment managed by a third-party broker introduces an additional administrative layer between SCDE and its data, which is inconsistent with SCDE's data governance obligations.
- **Commercial Cloud Validated** — SCDE's Azure environment operates in Microsoft's commercial cloud, which supports FedRAMP Moderate compliance—the appropriate security baseline for state education agency data. This was validated directly with Microsoft prior to deployment. SCDE's most sensitive data (e.g., CTIS) remains on-premises and is not part of the cloud migration scope.

Sole Source Vendor Name:

SHI International Corp.

Based upon the following determination, the South Carolina Department of Education proposes to acquire the supplies, information technology, and/or services described herein from the vendor named above per SC Code Ann. § 11-35-1560 and SC Regulation 19-445.2105, Sole Source Procurement.

Description of Supplies, Information Technology, and/or Services the Vendor Will Provide Under the Contract:

SHI International Corp. will provide SCDE with continued licensing, provisioning, and resale services for the following Microsoft products and services:

- **Microsoft Azure** — Cloud computing infrastructure services, including compute, storage, networking, database, security, and developer services hosted within Microsoft's commercial cloud environment.
- **Microsoft Copilot for Microsoft 365** — AI-powered productivity features embedded within the Microsoft 365 suite (including Word, Excel, PowerPoint, Outlook, Teams, and other Microsoft 365 applications), enabling SCDE staff to leverage large language model capabilities for document creation, data synthesis, meeting intelligence, and workflow automation.
- **Microsoft Copilot Studio** — Low-code AI agent builder enabling SCDE to create custom copilots and automation workflows for agency-specific processes.

license reassignment, billing reconfiguration, potential forfeiture of committed pricing, and onboarding of a new vendor—introducing unnecessary risk and cost with no operational benefit.

- Microsoft Azure subscriptions are tied to SCDE's existing tenant and EA enrollment managed by SHI. Azure resources cannot simply be 're-sold' by an alternate vendor without migrating the underlying subscription ownership, which would disrupt active production workloads.
- SHI has institutional knowledge of SCDE's Microsoft licensing posture, including educational pricing tiers, license mix, and subscription topology. A new reseller would require significant ramp-up time to replicate this knowledge.

Accordingly, SCDE has determined that only Microsoft Azure and Microsoft Copilot for Microsoft 365, procured through SHI International Corp., satisfy the agency's requirements. No other solution identified through market research was found to be technically equivalent, operationally compatible, or financially advantageous given SCDE's existing infrastructure, data commitments, and mission-critical dependency on the Microsoft platform.

Required Signatures:

Note: Determination is not complete without required signatures and dates.

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Approved by: Ellen E. Weaver Approval Date: 09/16/2026

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