

Neoware Extends Thin Client Computing Benefits to PC Market through Neoware

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Innovative Software Application Protects Investment in PCs by Providing a Bridge to Thin Client Computing

Bracknell, 6 May, 2003 - Neoware Systems, Inc. (Nasdaq: NWRE), the leading supplier of award-winning software, services and managed thin client appliances, announced today the introduction of ThinPCTM, a software application which enables customers to extend the benefits of thin client appliance computing to personal computers. The new software provides access to server-based applications with no additional investment in desktop hardware by transforming PCs into centrally managed thin clients.

ThinPC is a natural extension of Neoware's strategy of providing dependable, easy to use, secure, cost effective thin client solutions to improve the manageability of an organisation's PCs with minimal impact on existing corporate infrastructure. ThinPC significantly expands Neoware's market opportunity into a larger market, with a product that has appeal to more than 50 million server-based computing users worldwide.

ThinPC is ideal for customers seeking the benefits of thin client appliances, but have significant investment in PCs. ThinPC delivers all the user and system administration benefits of managed thin client appliance computing, including dramatically reducing enterprise computing costs by enabling companies to run applications on servers, not the desktop, allowing centrally managed application deployment and upgrades, strengthened security, and dramatically reduced ongoing administration costs. In addition, ThinPC allows for the use of any Microsoft Windows supported device or the local execution of any Microsoft Windows application.

Neoware customers are already seeing the benefits of the ThinPC solution. According to Michael Seymour, Information Technology Director at the Forsyth County Day School, "Neoware's ThinPC is a cost effective way to initially deploy a thin client solution. With the new Windows 2003 operating system, we have the ability to map local drives such as floppy and CD-ROM."

ThinPC demonstrates the strength of Neoware's unique business model, enabling customers to protect their investments in their existing hardware. Investment protection is inherent in ThinPC, allowing customers to extend the use of personal computers by converting them into secure, centrally managed thin clients.

According to Michael Kantrowitz, Chairman and Chief Executive Officer of Neoware, "ThinPC is an important addition to our product line and a valuable tool that provides a secure environment to businesses and organisations with PC-based networks.

Kantrowitz said ThinPC represents an opportunity for Neoware to introduce server-based computing to businesses while allowing them to retain their existing PC desktops. "With this new and exciting solution," he said, "our market opportunity is dramatically larger." He added, "ThinPC is an

excellent entry point for us. By introducing new customers to thin client computing in a low-impact, low-cost fashion, we can now function as a partner in customers' migration to server-based computing, and develop long-lasting relations as these customers transition from traditional desktop hardware to thin client appliances."

With ThinPC's minimal desktop hardware requirements and no additional costs for memory or hard disk space, companies can leverage their existing PC desktops to deliver a managed thin client, server-based solution. ThinPC offers Neoware access to new markets and customers, businesses and other organisations can now access the flexibility and efficiencies associated with thin client computing. These include:

- Enhanced Network Administration. ThinPC offers

administrators the opportunity to capitalize on centralized management.

Converted PCs become immune to unauthorised changes by end users, and this centralisation of control makes everything from uniform application deployment to security easier and faster.

- Reduction of Desktop Hardware Ownership Costs. The estimated annual difference in ownership costs between PCs and thin clients is approximately \$4,500, according to leading analysts. With the application of ThinPC, organisations with PC-based networks can now begin to realise this cost saving without acquiring new hardware.

* Preservation of Desktop Investment. Although PC-based networks present security and administrative challenges, the capital invested in their development precludes rapid or wholesale change. With ThinPC, businesses can extend the life of their investment in desktop hardware as they migrate to a network-based architecture.

Kantrowitz concluded, "ThinPC is a win, win. Neoware wins with new markets and new clients. Businesses win with more flexibility, lower costs, and if they choose to take it, a clear migration path to thin client appliance computing."

Central management is achieved through ezRemote Manager, Neoware's enterprise management solution that provides central management of Neoware, Boundless, NCD, IBM thin clients, and now personal computers running ThinPC. ezRemote Manager further reduces costs by enabling system administrators to locate, manage, secure and upgrade thousands of thin clients and PCs running ThinPC without leaving their desk.

Pricing for ThinPC and ezRemote Manager is £89.00. Through an introductory promotion ThinPC and ezRemote Manager are available for £69.00 through July

31, 2003.

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About Neoware

Neoware provides software, services, and solutions to enable Appliance Computing, a proven Internet-based computing architecture targeted at business customers that is designed to be simpler and easier than traditional PC-based computing. Neoware's software and management tools power and manage a new generation of smart computing appliances that utilize the benefits of open, industry-standard technologies to create new alternatives to personal computers used in business and a wide variety of proprietary business devices.

Neoware's products are designed to run local applications for specific vertical markets, plus allow access across a network to multi-user Windows servers, Linux servers, mainframes, minicomputers, and the Internet. Computing appliances that run and are managed by Neoware's software offer the cost benefits of industry-standard hardware and software, easier installation, and have lower up-front, maintenance, and administrative costs than proprietary or PC-based alternatives.

More information about Neoware can be found on the Web at <http://www.neoware.com> or via email at invest@neoware.com or <mailto:invest@neoware.com>. Neoware is based in King of Prussia, PA.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding: our position as the fastest growing player in the thin client computing market; our position as the leading supplier of software, products, services and solutions for the Appliance Computing market; the benefits of our software-focused business model allowing customers to preserve capital investment and lower ongoing costs of ownership; and the growing adoption rate of thin client technology. These forward-looking statements involve risks and uncertainties. Factors that could cause actual results to differ materially from those predicted in any such forward-looking statement include our ability to continue to lower our costs, our timely development and customers' acceptance of our Appliance Computing products, pricing pressures, rapid technological changes in the

industry, growth of the Appliance Computing market, increased competition, our ability to attract and retain qualified personnel, our ability to identify and successfully consummate future acquisitions, adverse changes in customer order patterns, adverse changes in general economic conditions in the U.S. and internationally, risks associated with foreign operations and political and economic uncertainties associated with current world events. These and other risks are detailed from time to time in Neoware's periodic reports filed with the Securities and Exchange Commission, including, but not limited to, its report on Form 10-K for its fiscal year ended June 30, 2002 and Form 10-Q for the quarter ended December 31, 2002.

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